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BAHR: SPD'S POLICY ON SITING UNCHANGED

Bonn VORWAERTS in German 17 Mar 83 p 4

[Article by Egon Bahr: "Rocket Siting: The Munich Decision Holds"]

[Text] The reaction to March 6 in the United States shows two erroneous ideas. Somewhat simplified it was said:

1. The danger of the Federal Republic's pursuing a neutralist course has been removed.

This danger never existed; nevertheless the correction of this erroneous idea is to be welcomed.

2. The siting of the rockets is now becoming less complicated.

This erroneous idea can have important consequences.

The Federal Republic has essentially voted for the hope for the upswing and the elimination of unemployment. The rockets stood in the background. The SPD just did not conduct the election campaign over the rocket issue.

Nevertheless, what we said in the election campaign remains correct: Whoever votes for Kohl on March 6 must know that he votes for the automatic sequence of the siting if no result is at hand in the fall in Geneva. Kohl himself made it clear in the evening of March 6 that he perceives the election result as a corresponding mandate. And after the public discussion on this subject, he can do so. No one could be unclear on this score, even if subject was not the decisive factor in the conduct of the voters.

The fact that the Federal Government can and does make reference to such a mandate weakens its position vis-a-vis Washington.

For this reason it is not surprising if the federal chancellor is beginning to push for an interim solution. In so doing, he is meeting Senator Percy, a Republican who carries weight in foreign policy matters and is now recommending more flexibility to his own government, after March 6 is over.

We have now begun the phase which will terminate in the decision in the fall. There are indications of a conflict over goals. The NATO two-track decision had proceeded from the assumption that SALT II would be ratified and there would be four years of time for negotiations because it would not be possible sooner--for technical reasons--to begin with the siting.

Of the four years of negotiation time, two years were lost, due partly to the fault of Moscow, partly to the fault of Washington. The third year was used to a limited extent, but nevertheless to the point that an agreement by the fall is possible. The politically open points are ripe for decision. It is possible to end the negotiations with a result if that is desired.

To push for a result also recommends itself with a view to the American election year 1984 and the fact that any agreement in Geneva will require ratification. Another American legislative term must not expire again without any arms control agreement or, as in the case of SALT II, with an agreement that is signed, not ratified, but nevertheless observed. The continuous expansion of armaments must not become a precedent, regardless of the election periods, while agreements to limit armaments fail because of the election periods. No one must be surprised if the people in America and Europe increasingly refuse to go along with this.

What happens in Geneva will decide whether negotiations on arms control still have a chance.

For this reason a result is important, and for this reason it is dangerous to push for an interim solution, which merely amounts to another word for the beginning of siting, without--in view of the American election year 1984--opening up at all the prospect of an agreement for the next two years.

Whoever aspires to an interim solution today gives up pressing for a possible result.

If there is no result, negotiations must continue. But why in that case must the siting begin? The two-track decision does not contain a deadline. Where is it written that the siting must begin in December? That is contemplated and technically feasible, but the NATO Council did not decide in this matter. Not: Result or the beginning of siting through an interim solution, but: Result or continued negotiations without siting--that should be the alternative.

The debate over the direction of armaments control in the American administration goes on. The revelation of the debates in the American START-delegation in Geneva has triggered a justifiable reaction of perplexity in Washington. This must reinforce the doubts concerning the seriousness of the American intentions to negotiate. Neither are they reduced by the tones chosen by President Reagan immediately following 6 March in addressing the Evangelical Conference in Florida. "I believe," he said, "that communism is dark and bizarre chapter of human history whose last pages are just now being written."

Whoever declares the posture toward armament in this context to be the alternative between right and wrong, between the good and the devil, demonstrates a posture which was thought to have been overcome long ago; at any rate, it cannot be reconciled with the detente as NATO confirmed it last June in Bonn.

The SPD decided in April of last year in Munich to make its decision in the fall of this year. Soon it will become increasingly clear to many that the criteria for this are valid regardless of the election outcome and need no revision.

8970

CSO: 3620/269

DOUBLE KEY SYSTEM FOR CRUISE MISSILES SUGGESTED

Rotterdam NRC HANDELSBLAD in Dutch 21 Mar 83 p 7

[Article by Ige F. Dekker and Eric P.J. Myjer: "International Law Responsibility Discussion Point in Stationing Missiles"]

[Text] Aspects of international law have so far played a minor role in the problem of stationing medium range nuclear missiles (cruise missiles). This appears to have changed with last week's NATO debate in the Second Chamber. A number of Chamber members asked for a memorandum with details on national and international legal questions. However, Minister De Ruiter did not promise such a memorandum. He preferred an open and free discussion of the subject.

In our contribution we want to limit ourselves to international legal aspects relevant to the decision making process concerning the above-mentioned problem. The consequences of international law surrounding the conditions the Dutch might impose on stationing these U.S. weapons on their territory and in particular those regarding the so-called "single key system" have so far not been discussed.

The minor role of international law in the discussion of security problems partially reflects reality. Indeed it is the task of sovereign states themselves, whether or not united in alliances, to take care of their national security within the limits imposed by international law. In carrying out this task states often come in conflict with international law because of national security interests. The system of international justice is still inadequately equipped and it is also without an effective international organ to enforce compliance with its rules.

International law permits in principle that states can arm themselves. However, this right is not absolute. Specific treaty obligations impose limitations.

In this connection it is of importance that the Netherlands has signed the treaty for nonproliferation of nuclear arms (npv) and as a state which does not produce nuclear arms it is obliged to refrain from obtaining and producing nuclear arms. There is no violation of this obligation if the Netherlands stations nuclear arms on its territory or owns launching platforms as long as this does not entail transfer of ownership or exclusive control of nuclear arms.

The most direct limitations governing the use of weapons are based on the international law regarding the prohibition of the use of force and the international laws on war. The prohibition of the use of force, which does not restrict the right of self-defense, is codified in the charter of the United Nations and covers both the threat and the use of force. Its general wording has to an important extent been further defined in several resolutions, often generally accepted by the General Assembly of the United Nations, like the Definition of Aggression. In particular regarding the question under what circumstances we are dealing with unlawful threats with the use of force strong differences of opinion exist in actual practice, as well as in literature.

This is no less the case with the international law on war which contains regulations on combat actions (illegal arms, goals, and conduct), prisoners of war, and occupied territories. For decades nuclear arms have been the ultimate controversial subject at international conferences on international rules of war. In this connection it is interesting to mention a recently published report of the influential U.S. research institute Rand; without hesitation it brands the use of nuclear arms as part of a strategy with civilian centers as targets (a counter-city strategy) a violation of the international laws of war.

Taking into Account

In developing their policies on security measures nations must take the relevant international legal standards into account, also in times of peace. This obligation is not diminished by the fact that some standards allow states a measure of freedom.

Moreover, we run here into the paradox that certain demands of peace and security are incompatible with sections of international law. The use of nuclear arms against population centers, as opposed to military targets, and the threat of such use in the event of aggression can, for instance, violate traditional principles of the international laws of war. Already from the days of the strategy of massive retaliation the United States has nevertheless been using a policy of target selection (targeting) which includes civilian targets. Arguments of practical politics--security through intimidation--are pretty difficult to reconcile with certain standards of international law.

It is also paradoxical that the very demands of security by way of intimidation prevent greater accuracy and reduction of nuclear arms which would make the selection of military targets more acceptable, and in case of a reaction to aggression one could remain within the traditional rules of international law. Concentrating on military targets increases the chance that these weapons will be used sooner in a conflict. A conflict could therefore quicker escalate into a nuclear situation.

In such paradoxical situations balancing the demands of peace and security with what is legally right could lead to different conclusions for big nations and small ones. It is therefore important to take a closer look at the conditions underlying the possible stationing of cruise missiles on Dutch soil.

Up till now it has always been the assumption that such stationing will take place under a so-called "single key" system.

The "single key" systems mean that the nuclear arms stationed on Dutch territory will ultimately be under the exclusive control of the U.S. government. Such a system means that the Netherlands transfers its sovereign decision making power to the United States. It would ultimately be forced to accept the U.S. interpretation and application of the limits imposed by international law on security policies. This system could confront the Netherlands with the accomplished fact that the arms in question in its opinion have been used in violation of international law.

Pivotal Question

As far as international law is concerned the pivotal question in this situation is to what extent the Netherlands can also be held responsible and consequently be endangered by reprisals if, due to a U.S. government decision, missiles have been deployed in violation of international law.

First of all we should take note that on this point international law is not at all clearly defined and interpreted. However, actual developments between states, jurisprudence, and literature strongly support the theory that in such a situation the Netherlands is also responsible for the violation of international law. Indeed, under the "single key" system it voluntarily relinquished its sovereign power to decide to prevent a situation which it could have foreseen. Its appeal that at the time it did not intend to allow a violation of international law would probably be rejected and would fail to exclude responsibility.

In the event that the violation of international law consists of an armed attack the third state can take military countermeasures based on the right of self-defense.

In all other cases the Netherlands' responsibility obliges it to end the illegal situation. If it fails to act the injured state can demand indemnification or it can take other steps, like reprisals.

In addition to this responsibility of the Netherlands as a state there could in principle also be a (individual) penal responsibility for certain leaders. In that case proof is needed that they did nothing to prevent serious violations of the laws of war although it was in their power to do so.

Consultation

We have reached the conclusion that from an international legal point of view that the "single key" system does not contain sufficient guarantees any way to prevent a decision being made concerning security interests and standards of international law which would be unacceptable to the Dutch. An institutionalized (codified) form of consultation is needed to realize such guarantees. This could be achieved by means of a so-called "double key," or "double key" procedure. Unlike the "single key" it means that the United States does

not exclusively decide on the use of nuclear arms but that the Netherlands can veto the firing of cruise missiles from its territory.

Such a "double key" can be realized in several ways. In addition to informal consultations, which have already been promised, we might be considering formal consultations in conjunction with veto power. Another possibility is a physical "double key" which means that we can prohibit the transportation of launching equipment across our territory.

A second type of physical double key already exists in connection with the present Dutch nuclear task force.

The Netherlands is namely the owner (and buyer!) of the delivery system, as is the case with the nuclear artillery of the F-16. The nuclear warheads are separately stored and under U.S. control. However, this situation changes in time of war because Dutch units will then be under NATO command.

In theory consideration could also be given to the extremely costly possibility that the Dutch prime minister would also have to press a red button before launching can be made possible.

In all of the above-mentioned cases it is therefore necessary that the Netherlands is informed about target selection as regards these weapons in the event of aggression by one or more other states.

In addition to legal arguments there are also safety advantages which make a "double key" system desirable. After aggression has occurred it would indeed enable the Netherlands to put a brake on (too accelerated) escalation of the conflict, but in case of a Dutch veto weapons in other locations could always be activated. Another danger is that during a conflict an opponent could try to persuade the holder of a "double key" by threatening to use force.

England

A heated discussion on the pros and cons of such a system is now going on in England. Disregarding the British motives favoring a "double key" arrangement--nationalism, party politics, anti-Americanism, control of conflicts, etcetera--it is remarkable how united the British are in their support of such a system. According to a recent ITV poll 89 percent of the people who were questioned prefer a "double key" system. Among the opponents of the stationing one-third would apparently accept the missiles under a "double-key" system.

It is of course true that England's circumstances as a nuclear power differ from those of the Netherlands. It has a special relationship with the United States. On the basis of these special ties a secret agreement exists which has been confirmed at every change of government for over 30 years. As regards deployment of nuclear weapons from British bases it makes mention of a "joint decision....in the light of the circumstances of the time." Such a clause on joint decisions covers already more ground than informal consultations promised to other allies. But it nevertheless does not mention a

formal consultation procedure guaranteed under all circumstances. Moreover, British government states that it already has a physical key. Indeed, the bases are guarded by British units which could, if necessary, prevent the cruise missile units from leaving for deployment.

In other words, in spite of the differences in nuclear status of England and the Netherlands, the same "double key" constructions mentioned earlier are in general terms pertinent to the British discussion. However, an important difference is that British officers are involved in the selection of targets by the U.S. strategic command because they are coordinated with their submarines. We explained already that correct knowledge of selected targets is an important condition for the answer to the question whether these weapons can be used in violation of obligations imposed by international law. If it decides on stationing cruise missiles on its territory arguments in favor of a "double key" system appear to be even stronger in the case of the Netherlands.

Possible Dutch responsibility and its consequences in connection with international law appear to throw up some tough problems in the path of stationing cruise missiles.

We recommend therefore that the aspects of international law, specifically in connection with the single and double key systems, and target selection as well, be further scrutinized in their relationship to each other.

This is of even greater importance because the government is bound by the constitution to promote development of the international order of law. It seems most advisable to present this problem to the committee for advisement regarding problems of international law, if need be, a number of certain experts could be appointed to join the committee.

10319
CSO: 3614/80

SIX PARTIES AGREE ON ANTI-MISSILE PROGRAM

The Hague ANP NEWS BULLETIN in English 30 Mar 83 p 1

[Text] The Hague, March 30--Six Dutch opposition parties capable of mustering 62 seats in the 150-seat second chamber of parliament have agreed with anti-nuclear groups on a joint platform for a mass demonstration to be held in The Hague in October against Nato plans to site medium-range nuclear missiles in Europe, a spokesman said here last night.

Mr Egbert Boeker, a spokesman for the anti-nuclear consultative committee, said the six were the Labour, Democrats '66, Communist Pacifist Socialist, Radical PPR and Evangelical people's parties, which are all on the left of the Dutch political spectre.

They joined nine anti-nuclear and peace groups in adopting the following three slogans for the demonstration to be held on October 29:

--No new nuclear arms in Europe, not in the Netherlands nor in any other country.

--A nuclear-free Europe, and

--Rid the world of nuclear arms.

The slogans were unacceptable to the Christian Democrats (CDA) whose executive voted 29 to 14 with two abstentions on March 14 against joining the demonstration.

Interpretations

The executive saw the first slogan as a plea for unilateral disarmament and decided to place all its cards instead on a positive outcome of the current Geneva disarmament talks.

Although the CDA party opted out of the demonstration it stayed on as a member of the anti-nuclear consultative committee which is carrying on its peace activities as usual, Mr Boeker said.

A sub-committee set up to organise the demonstration includes representatives from all the political parties - with the exception of the Christian Democrats - and the nine anti-nuclear groups.

The nine are Holland's largest trade union federation FNV, the association of military conscripts (VVDM), women for peace, women against nuclear arms, the humanist peace council, the stop the N-bomb committee, the inter-church peace council (IKV), the Roman Catholic pax christi peace organisation and the radical peace groups' platform.

Mr Boeker told newsmen that although all the parties and groups had adopted the three slogans they were to get some freedom of interpretation.

One of the main bones of contentions among members of the consultative committee has been the definition of the geographic concept of Europe.

CSO: 3600/15

NEW FORECAST FOR 1990 SEES DRASTICALLY REDUCED CONSUMPTION

Paris LES ECHOS in French 22 Mar 83 p 10

[Article by Didier Duruy: "An 'Explosive' Study of the Plan; Stagnant Consumption Until 1990: the State Is Bound to Slow Down Nuclear and Coal Development"]

[Text] A cold shower for energy experts. Plan experts have again revised, and reduced, their 1990 consumption forecasts. If we are to believe them, energy demand lags by close to 10 years: the 1990 forecasts contained in the Hugon report written in 1981 would materialize only by the end of the century. Should the government endorse, late in May, the most recent work of Rue de Martignac [Ministry of Energy], it would have to make dramatic adjustments in its energy policy. In other words, zero growth for coal and nuclear energy.

The experts have considered several scenarios. The first one, scenario A, appears resolutely pessimistic and is based on an economic growth of 1 percent per year until 1985 and 2 percent after that. We would then not consume more energy at the end of this decade than we did last year! An apocalyptic vision if we imagine the rate of unemployment this would imply. Yet, this projection would have the advantage, a poor advantage under such conditions, of reducing considerably our dependence on foreign suppliers. Oil would represent no more than a good fourth of our consumption. OPEC would have to behave.

Coal, A Delusion

The second scenario, B, is based on an economic growth of 2.3 percent from 1983 to 1985, and 3.5 percent for the following years. Recovery, however, would not result in a craving for energy. According to experts, the average consumption by 1990 would be 204 million tons of oil equivalent [toe], barely 10 percent more than the 185 millions toe consumed last year. In this scenario, oil would cover exactly one third of French requirements, a prospect in line with the objectives defined by the various governments since OPEC came of age.

In both scenarios, coal is the major victim of our planners. At best, in the rosy model, coal consumption would not even equal last year's. At worst, it would be reduced by half. Under these conditions, a come-back of coal ap-

1990 Primary Energy Consumption Forecasts
(In Million Tons of Oil Equivalent)

Energy Source	1982 Consumption	Hugon Report October 1981	Present Scenarios	
			A	B
Coal	33.5	31.5-39.5	17-29	23.5-32.5
Oil.	86.4	66.2-74	58.5-65.5	62.5-69.5
Gas.	24.4	27.3-31	23.5-33	25-33.7
Nuclear.	22.5	57.5-62	54-58.5	56.5-63
Miscellaneous.	18.1	-	-	-
Total.	184.9	206-232	180.5-190.5	196.5-211.5

pears to be a delusion. Besides, apart from the Carmaux pre-election decisions, the government has remained very cautious after untimely statements were made early in the president's term of office. It will soon have to accept a revision of its ambitious programs, which will cause serious problems, especially in its relations with the General Confederation of Labor.

Political Clash

Gas is doing relatively well in spite of the planners' successive reassessments of objectives. The French Gas Company, it is true, is now well supplied with Algerian and Soviet fuel. All the same [as published], there will be a surplus at least until the end of this decade.

Finally, the atom is starting to look like a grave-digger. The very marked expected increase in nuclear electric-power production is one of the major factors affecting coal development, among other things. Could anything else be expected considering that 27 projects have been started? They represent a power of 30,000 MW, more than the present 22,000 MW nuclear-power capacity of EDF [French Electric Company]. All the same [as published], the experts had to include in their work the search for new markets for EDF. Export markets.

At EDF, the scenario for 1990 still foresees a consumption of 390 TWh (trillions of kWh), including 290 TWh of nuclear power. An alternate forecast assesses the demand at 370 TWh, including 280-285 TWh from nuclear power plants. According to this public institution, nuclear energy will contribute 62.2 or 64.4 million toe to the French energy balance, whereas planners now believe that it will account for only 56 million toe in the rosy scenario and 60 million toe in the darker scenario. The latter figures, which take into account exports of electric current, are only averages. All the same, there is an overcapacity.

In the hallways, Rue de Martignac, people are already no longer talking about a reduction in the French nuclear program, but about its pure and simple interruption for two, maybe even three years. Is not the minister delegated to energy, Edmond Herve, already considering the feasibility of placing a

global order for the whole Ninth-Plan period with the nuclear power industry? While keeping the commitment schedule open. This is a sign that shows how concerned authorities are to see producers adapt themselves, as they must, to a slowdown in demand.

Plan experts, whose forecasts extend to the year 2000, are not expecting any very significant change in the present trend during the last decade of the century. At the start of the third millenium, we would need only 70-85 million toe in nuclear power. If this report is to be taken to the letter, it would mean that, apart from the plants already started, only 4-7 nuclear projects would be enough to cover the demand. In other words, EDF might order only four to seven 1,300-MW units in the next 10 years, i.e. until 1993. Next to nothing. In addition, this situation could affect the commitments of EDF. More definitely yet if the government is actually considering cracking down.

These forecasts still have to be debated in the "Josephe" Commission, in charge of preparing the Ninth-Plan energy orientations. The decline of oil, which occurred after the computation of the new data, could mitigate their pessimism since it is generally expected to result in increased growth.

On the other hand, the rigor that might accompany the new monetary adjustment would have a limiting effect. Uncertainties. In spite of all, they do not alter the position of the country, which has been characterized by an oversize production tool since the 1981 economic slowdown. The government must now take this into account, even if the instability of the oil world is an incentive to maintaining excess capacity in France.

9294

CSO: 3519/402

EFFECTS OF OIL PRICE DROP ON EXPORTS, OIL-RELATED INDUSTRIES

Paris L'USINE NOUVELLE in French 3 Feb 83 pp 39-40

[Article by Eric Walther]

[Excerpts] What dangers lie ahead for the western economy, and for France's economy in particular?

Between 1979 and 1981, 19 of the 31 export contracts for over 1 billion francs signed by France were with OPEC countries. In 1982, Nigeria and Algeria led the list of purchasers of French capital goods. While orders are slowing down--of course they can't completely disappear--this phenomenon should revive international competition. At Pont-a-Mousson, the French leader in the field of cast metal pipes, which is now completing construction of Baghdad's water supply system, people are saying that the risk lies more in a loss of profits from these contracts, than from a decline in the actual number of such contracts.

These countries do obtain part of their resources from international organizations, and these organizations have been tightening up their requirements before making investments. In this respect, the case of Mexico serves as a good example: a \$1 decline in the price per barrel means a loss of \$500 million a year, with a foreign debt close to \$85 billion!

The ambitions of the Persian Gulf countries may also be cut back to a more modest scale. The engineering firm, Technip, notes that some of Abu Dhabi's projects for lubricants plants have been frozen, while for the past year Saudi Arabia has been maintaining close control on its companies which deal with foreign firms. Aramco, a group of big American oil companies, which produces 80 percent of the Saudi crude, is now reviewing its investment plans.

French industry is also directly affected by the slowdown in exploration and production programs. The profit levels of "new" oil, particularly at sea, are dependent on a high price per barrel (in places such as the United Kingdom, Norway, the Gulf of Guinea, etc.). The threat of an impending price decline has created turmoil in foreign exchange centers, as we see from reactions at the London Stock Exchange and the decline of the pound sterling. Future oil investment and production costs, both in the Middle East and in the North Sea, are now varying in proportions from 1 to 10, or even more.

French oil-related industries, armed with some new innovative technologies, and well respected for their skill, have generally made good profits from the development of new fields during the past 5 years (see the following graph). These industries are not too worried: while there has been a cutback in oil research in the United States, it is very unlikely, unless there should be a price collapse, that major programs would be dropped. However, countries which are planning to exploit their resources intensively, such as in the Gulf of Guinea area, might restrain their ambitions in terms of smaller and less profitable fields.

Oil-Related Industries: A Foreign Currency Mine

Oil-related industries are our leading source of foreign currency; in 1982 they had a positive foreign trade balance of over 40 billion francs. Some 250 French firms are totally or partially involved in this sector, and share this market. Their total sales volume breaks down as follows: 40 percent for services (drilling, underwater work, etc.); 35 percent for engineering; 11.5 percent for equipment (platforms, pipelines, heavy metal equipment, etc.); 10 percent for transport costs; and 3.5 percent for ship construction.

Key:

- * Sales volume (in billions of francs)

For 1983 orders placed with French industries, which do nearly two-thirds of their business in the export market, are relatively high. But the possibility that the present trend may continue leaves some confusion about prospects for the years to come.

In addition to the purely mechanical effects of such a state of affairs, there are also the consequences which a slowdown in research on oil substitutes might have, if the price of oil--at least temporarily--became cheaper. In a report published 3 months ago, the AIE [International Energy Agency], which is composed of 20 OECD [Organization for Economic Cooperation and Development] members, but not France, warned its members about this situation. Calculating their public spending for the mastery, research, and development of energy sources in 1981 at \$8.35 billion, the AIE noted a downturn in their rate of growth. In France, government funding in this area in 1981 amounted to 1.5 billion francs.

This debate reflects the need to reconcile short and long-term energy policies. This is a hard adjustment to make, with oil becoming a raw material like any other, whose price will move upward or downward.

Unequal Coverage in Different Countries

France's Trade with its Main Oil Suppliers (December 1981 to November 1982)

Countries providing some of our oil supplies (in %)	Exports (billions of francs)	Percentage of our ex- ports (%)	Rate of coverage (in %)
OPEC members, low absorbers* (47)	19.9	3.2	31
OPEC members, high absorbers* (29)	47.2	7.8	90
OPEC total (76)	67.1	11	58

* The countries called "low absorbers" (Saudi Arabia, Kuwait, United Arab Emirates, Qatar) are those with a small population and which therefore need less money for their economic development. On the contrary, the "high absorbers," which include some of our major clients, Algeria, Iraq, Norway, and Indonesia, are countries with large populations, with an economic infrastructure to be created, and of course with larger debts.

United Kingdom (5.8)	43.5	7.2	97
USSR (4.7)	9.7	1.6	51
Norway (3)	3.6	0.6	39
Mexico (3.5)	2.8	0.5	58
Total	126.7	20.9	64

Source: Customs Division, CFCE

Our exports to the OPEC countries and Mexico on the average consist (60 to 70%) of capital goods and transport vehicles, with food and agricultural exports amounting to 10 to 20%. The contribution of non-OPEC countries to our oil supplies, primarily the United Kingdom and Mexico, has definitely increased, reducing OPEC's share to 76 percent in 1982, down from 84 percent in 1981. It is of value to recall that of the 33.8 billion francs in arms sold abroad by France in 1981, 76.6 percent were sold to the Middle East, and primarily to some OPEC members.

7679

CSO: 3519/349

ELF, OTHER FIRMS SEEK WAYS TO EXPLOIT FORESTS FOR WOOD ENERGY

Paris L'USINE NOUVELLE in French 24 Mar 83 pp 91-92

[Article by Genevieve Brunet and Eric Walther: "Wood-Energy: Budding Markets"]

[Text] Development of a unique French forestry machine, invitations to bid published by the French Agency for Energy Expertise (AFME) to bid for wood boiler designs; upstream and downstream, the wood-energy sector is starting to mobilize, as can be seen from the creation of a Forest-Energy-Wood association. Objective for 1990: 7 million tons of oil equivalent produced from wood.

The engineering and design department of Etablissements Brimont, located at Sillery (Marne) is completing the development of a unique French forestry machine: a self-contained unit that will pick up and crush forest waste products, form them into pellets and take them away. At the same time, an AFME invitation to bid on the design of wood boilers that would be less costly and more versatile is meeting with honorable success. The manufacturers selected will be able to make the investments required by the production of new equipment for which orders will be guaranteed.

Thus, the emerging wood-energy sector is starting to mobilize at both ends, as is confirmed by the creation of an association: Forest-Energy France (see boxed insert below). True, if the objectives assigned--7 million toe (tons of oil equivalent) produced from wood in our energy budget by 1990--are to be realized, the various actors in this sectors, upstream as well as downstream, must get down to work seriously. Even though it is estimated that over 3 million toe, either used locally or distributed over limited areas, are already consumed in open fires or individual boilers.

The market aimed at, however, is that of collective heating units which alone can absorb significant amounts of wood pellets and thus give an incentive to producers to develop their capacities. Technical problems, and their impact on utilization costs, are an important factor that is slowing down the still timid development of this business. Indeed, if the French forest is to become a competitive source of fuel, equipment must be designed that is suited to its diversity and to the small size of wood plots.

Yet, it is not always possible to use everything [in the] underwood or the clearing wood that is to be pelletized. Its characteristics also vary. Thus, "the selection of a boiler must take into account the wood species, the grain size and the moisture content," according to Isabelle Beaudelaire, a designer at Novelair, a subsidiary of CGE specializing in energy savings.

An Opportunity to Reconquer the Domestic Market

Going upstream in the sector, it is a good idea to start with boilers, most of which are imported. In the case of a substitution to fuel-oil, their installation already represents an additional cost (on the average, 6,000 francs per toe). Yves Seguy, an engineer at Rossow which has been marketing Swedish equipment in France for two years now, points out, however, that "the market is beginning to develop." "The demand for wood boilers enables us to keep busy," according to Roger Ducastel of the Oise Boiler Company, one of the few French manufacturers.

Now that the pump has been primed, the equipment must be perfected--in this respect, the AFME invitation to bid was welcome--and the opportunity of reconquering the French market must be seized: either by manufacturing boilers that can use pellets of variable quality, or by restricting them to a very consistent fuel in order to reduce their cost.

In the second case, wood-energy producers would have to obey very precise specifications, which might prove difficult. The point of view of Roselyne Frejafond, administrative manager of Coforsol--a Loiret cooperative which began operating in this field two years ago--is significant in this respect: "The product must be as inexpensive as possible. Therefore, we must burn green wood and adapt boilers to the product, not the opposite." Expertise in crushing techniques is generally good, but progress must still be made with respect to drying. To this end, tests will be carried out in the Central Massif forests that have been severely affected by last fall's storms. Coforsol offers its customers indexed contracts guaranteeing that the cost of wood will not increase as fast as that of fuel-oil or gas--and coal remains the most serious competition. Coforsol is supplying three heating plants in Loiret.

Further upstream in the sector, forest development--with its peculiarities--offers a favorable ground for the emergence of a market for new materials. Contrary to its Scandinavian counterpart, which is larger and more homogeneous, the French silviculture forest offers a more difficult access to large machines. The grinding industry (paper pulp, particle boards) is far from using up all of the industrial wood. Therefore, using it to produce energy seems to be a good idea. All the same, crushing on location and transportation will require compact and self-contained forestry equipment. The machine developed by Brimont, assuming forest tests carried out in the East are conclusive, should represent an important progress, technically and financially.

Elf-Aquitaine Already Involved In the Sector

The organization of this operation is characteristic of the interest evidenced by enterprises which, a priori, have nothing to do with the wood sector. Brimont, a manufacturer of agricultural dump-trucks and tractors, was able to get involved in this program not only thanks to a subsidy from AFME, but also thanks to financial aid from Elf-Aquitaine which also promised to place orders in the future. Actually, like many oil companies, such as BP [British Petroleum] Elf-Aquitaine has become involved in the wood-energy sector as a way of redeploying its operations. Andre Rousseau, head of the wood department, does not conceal his ambitions when he states that he wants to play the part of "a 'federator' and get involved with all parties, from the heating-plant contractor to the wood-energy producers."

With a solid logic infrastructure, and distribution networks that it wants to redeploy--as is the case in Belfort--Elf possesses strong assets. As it has already acquired an interest in two forest operations and is a member of two economic interest groups, the oil company intends to get involved locally wherever there exists a market, and it relies on its strong image to reassure customers as to the security of their supplies. Which means that it is useless to start manufacturing wood pellets if there are no guaranteed purchasers in the vicinity of the production forest.

This strategy confirms the AFME views on the development of wood-energy. Namely, wood-energy requirements must be identified at department-level at the same time as the resource is mobilized. Low-cost housing programs administrations, which were forerunners in this respect, represent a large potential market. But the success of the operations will, to a large extent, depend on private initiatives at national level. The Agency's decisions should be made public in the very near future.

Except for a few demonstration operations, wood-energy is not receiving any subsidies at present. The debate between those who favor subsidies to production and those who advocate a subsidy downstream, for the installation of boilers, remains open. If wood-energy is to find a market, its cost should not exceed 17-18 centimes per therm, i.e. much less than the cost of fuel-oil or gas.

Considering the supply problems which have already been experienced, it is essential that a series of measures be taken concerning product and boiler standardization and the creation of quality seals. All the more so as, if the sector keeps developing, a new and interesting market could be the result. Indeed, a current investigation reveals that a number of manufacturers would be interested in what is already called the "third wood," coming after timber and industrial wood.

Objectives of Forest-Energy-France

The ambition of the Forest-Energy France association created last November is to gather all public and private landowners, forestry operations and wood-energy producers. Created at the initiative of wood professionals in the Oise department, it already has 15 members or so, some of which as different as the French BP [British Petroleum] Oil Company and the National Wood

Federation. Its president, Denis Harles d'Ophove, is convinced that wood-energy has a future and is calling for a general mobilization, stressing that firewood does not mean the death of the forest, quite to the contrary.

"If we use all of the forest resources, access to timber will become all the easier," he says. Since all types of energy are supported by direct subsidies or through "deficits" which conceal the facts underlying prices, Denis Harles d'Ophove is advocating a government intervention that could take the form of a five-cent/therm subsidy for wood-energy. Yet, is the establishment of a set financial subsidy the best way for an innovative technique to demonstrate its credibility?

9294

CSO: 3519/402

STATISTICAL SURVEY OF HYDROELECTRIC CAPACITY

Istanbul MILLIYET in Turkish 7 Mar 83 p 3

[Text] ANKARA--Energy consumption in Turkey averaged 597.9 kilowatt hours (kwh) per person in 1982, and this figure will be jumping to 2414.9 kwh in the year 2000. Turkey's overall consumption in 1982 totalled 27,691,500,000 kwh. 1,759,900,000 kwh of this came from the USSR and Bulgaria.

According to information from officials at the State Water Affairs Office, Turkey will be consuming a total of 40.1 billion kwh of energy in 1985 and 162.2 billion kwh in the year 2000.

11.6 billion kwh of the total energy currently being consumed annually in Turkey comes from 24 hydroelectric power plants which operate at a capacity of 2,919 megawatts.

State Water Affairs Office officials, pointing out that Turkey is using only 10.7 percent of its water resources to produce energy, hasten to emphasize that efforts are currently underway to increase this figure. Fifteen additional hydroelectric power plants will be going into operation, including 14 that are under construction and one that is being enlarged. When this happens, Turkey's overall annual production capacity for electrical energy will increase to 23,301,000,000 kwh. Some of these plants will be going into operation in 1983. The last dam to go into operation, the Ataturk Dam, will hopefully be completed in 1992.

Based on the information furnished by the State Water Office, construction work will be continuing on 40 dams started in 1983. Thirty percent of these are being built for irrigation, 8 percent for drinking water, 17 percent for energy, and 15 percent for reservoir purposes.

When the hydroelectric power plants under construction go into operation, Turkey will then be using 21.4 percent of its water resources to produce energy. Apparently, seven of the energy projects proposed for the 1983 investment program were not included in the program. When these projects are realized, Turkey will be using 33.3 percent of its water resources--an increase of 1.9 percent. Thus, Turkey will begin to benefit from one-third of its water resources for producing energy.

Hydroelectric Power Plants
Under Construction

	<u>Million kwh</u>	<u>Completion Date</u>
Ataturk Dam	8800	1992
Karakaya	7354	1988
Altinkaya	1632	1986
Oymapinar	1620	1983
Hasan Ugurlu (3) (4)	397	1983
Gezende	528	1987
Catalan	509	1987
Aslantas	569	1983
Menzelet	334	1985
Kilickaya	332	1985
Kokluce	584	1983
Adiguzel	280	1986
Kaulukaya	190	1984
Karacaoren	142	1985
Tercan	30	1984

12279

CSO: 3554/190

ISO'S COSKUN ON DOMESTIC ENERGY PRODUCTION

Istanbul DUNYA in Turkish 7 Mar 83 p 4

[Text] Istanbul--According to Ali Coskun, an Assembly member of the Istanbul Chamber of Industry (ISO), Turkey consumed 27.1 billion kilowatt hours (kwh) of electricity in 1982 compared with 790 million in 1950, but this still does not keep Turkey from lagging behind all other European countries when production is considered in terms of per capita consumption. Coskun pointed out that Norway's per capita consumption stands at 18,563 kwh, that Greece's is 2,148 kwh, but that Turkey's is only 497 kwh. He went on to say:

"We are able to take advantage of only ten percent of our overall hydroelectric power potential to produce energy, whereas Europe used 51 percent of its potential. If investments go according to plans, we will be producing 58 billion kwh of energy in 1986, which means that three years from now our per capita consumption will be 1100 kwh--only half of what Greece's per capita consumption is now. Because of our inability to respond to energy consumption in recent years, we have tried to compensate for the shortage by having power cuts and outages in the name of 'energy conservation.' In 1981 we had a shortage of approximately two billion kwh. 1.1 kwh of this was cut off from industry, which caused our national economy to lose approximately 200 billion lira."

Noting that Turkey's energy production is going to be inadequate as capacity usage in industry increases and social and economic progress makes increasing demands, Coskun described the measures that need to be taken as follows:

"We can consider two groups of measures: conservation measures and investment measures.

"Conservation measures: Above all, we can dispense with unnecessary and luxury consumption of energy and think in terms of charging a nominal fee for voltages and frequencies used, since a dead investment of 75 billion lira for regulators was made in 1982 alone. It is also very important to produce electrical equipment that is documented for quality or backed by a guarantee of the Turkish Institute of Standards, so as to prevent unnecessary energy loss, fires or accidents. Moreover, we can have industries shift their energy usage to hours when the network is not too overloaded.

"Investment measures: We can stop building thermal energy plants and turn instead to small hydroelectric power plants or technology that makes use of geothermal energy, solar energy, wind, water power and biological fuel sources."

12279

CSO: 3554/190

MARTENS ON UNEMPLOYMENT, FISCAL MEASURES

Brussels LE VIF in French 18 Mar 83 pp 24-26

[Interview with Prime Minister Wilfried Martens by J. D. and C. B., date and place not specified: "Tomorrow, Things Will Be Better"]

[Text] This concerns you: when it is a question of budgetary "adjustments" of over 50 billion, including 11 billion in additional taxes, when it is also a question of "finding" 200 billion between now and the end of 1984, when it is a question of reorganization and somber cuts in government subsidies, in social security, in the public services and in yet other areas, it is impossible to shrug your shoulders and think of something else, because it will be taken out of your pockets. When Wilfried Martens announced in Parliament the major outlines of the next measures to be taken, it was actually a question of basic political and social choices. Just how far can and must austerity and restraint go, just how much can the functions assumed by the government be cut?

Is the recovery of our economy and the evaporation of our colossal debt really only possible through such sacrifices and such changes?

We already know Wilfried Martens' reply: we are in a corner and there is no other way out. The prime minister seems to have no doubt about these issues or about the objectives his government is pursuing. We have cross-examined him with a few questions. His reply: "A little more effort. Then things will be better."

[Question] A few weeks ago, Mr. Prime Minister, we crossed the line of 500,000 unemployed. This does not indicate that your government's policies have been successful...

[Answer] I never said that the change that we made in economic policy would produce immediate effects on employment. On the contrary, I have always stated that it would take time and that firms would improve their financial situations first.

Because of more moderate salary increases and the devaluation of the franc, this is in fact what happened in 1982. According to the National Bank's figures, business' share of income in the gross national product increased to 10.8 percent in 1982, compared to 8.9 percent in 1981 and 12.1 in 1970-1973. The same is true of labor costs per unit produced: 98 in 1982, compared to 110 in 1981 (the year of recovery), 119 in 1980 and 126 in 1977.

Having made this point, I will be precise regarding employment: the first effects of our policy will be felt by the end of this year and by the end of 1984 we will be able to stabilize the level of unemployment. For the first time since the beginning of the crisis!

[Question] You are taking risks...

[Answer] But the calculation is simple. Since the beginning of the crisis we have lost an average of 30,000 to 35,000 jobs each year in the industrial sector. In addition, 20,000 youths have entered the job market annually. The agreements that were made at the sectorial level will provide 25,000 jobs to offset this, if the agreements are properly followed. We should also add 12,000 jobs in small business and 10,000 in the public sector. This is why I say that, thanks to these agreements and the corresponding moderation in salaries, we are headed toward an improvement that will become evident toward the end of this year. And this does not include the effects of specific measures such as the third work circuit, the increase in schooling, etc. And I am speaking exclusively on an economic level.

[Question] As for public finances, however, in spite of the budget drawn up in July 1982, you had to come up with another 52 billion during the audit that was completed last Saturday. Doesn't this admit defeat?

[Answer] No! We were faced with new expenditures for which we were not responsible: 4.2 billion for the state guarantee for Distrigaz, 5.1 billion in complementary transfers for communities and regions and 1.7 billion for towns. If you add 12.5 billion in additional credits for prior years, you get 23.5 billion over which we had no control. In addition, we had to revise the economic forecasts and absorb 12.5 billion in tax depreciation.

[Question] Despite a formal commitment from the government, you did not avoid a new tax increase. Mr. Spitaels pointed this out to you at the beginning of the week...

[Answer] This is a rather bizarre accusation from the president of the Socialist party, even if I can understand this political controversy. What is this all about, these "new taxes"? A 1 franc excise on gas and diesel for vehicles. This is not only a tax measure, but also a decision of economic policy, without adding that we must also make up for the VAT [value-added tax] losses caused by the decline in the price of gasoline. The other tax measures involve a stricter, more uniform enforcement of rules regarding professional taxes (1.8 billion) and the taxing of unemployment benefits for households with net incomes over 750,000 francs. I don't see how Mr. Spitaels could contest these measures...

But what I would like to emphasize is the seriousness with which this budget audit was done. For the actual 1982 fiscal year we were faced with requests for additional credits in the areas of employment and labor and in national education. This is the traditional problem of those who are behind. But in this regard we made a whole series of special powers decrees in 1982 that will allow us to change the standards if necessary.

[Question] In comparison to the promises that were made, the summary of your activity is nevertheless disappointing. The National Bank's report emphasized that the deficit of all of the public authorities is over one-sixth of the national product.

[Answer] The deficit of all of the public authorities measured in terms of the GNP has practically doubled between 1979 and 1981, going from 8.9 to 16.5 percent. But this fell to 16.1 percent in 1982 according to the figures of the National Bank. What does this indicate? That, for the first time, the deficit has stabilized. This was a remarkable effort and everything indicates that, with the decisions made this weekend, we are in fact capable of meeting the goal that we have set for the end of the year. But to reach the European average, as we committed ourselves to do in the government statement, there is still 200 billion to go during the next two fiscal years, 1984 and 1985.

[Question] When one sees the difficulties you encountered trying to make up the 52 billion from the budget audit, isn't it being overly optimistic to think you can save 200 billion?

[Answer] In any case, this is the most important and most difficult effort awaiting this government, which has set two priorities: restoring the competitiveness of our economy, which has been done as I just described, and rebalancing our public finances. Traditional methods will not allow us to attain this huge objective, because we cannot decide just like that to cut the surplus portion of our expenditures. We would then create other problems and start deflation. But to refer to the European norm, it must be pointed out that although we are under the average for expenditures in public consumption, we are way above for interest charges and social transfers. As for direct taxes, we are 6 percent above this same average.

[Question] New cuts in social security, then? Because of the reformulated special powers?

[Answer] The special powers that we have asked of Parliament will be much more limited than those that we had last year. As for social security, they will only affect a few urgent measures that we should still take in 1983.

But on the whole there has not yet been a formal decision in this area. We have announced a basic reform that will be prepared by an interministerial study group. There will then be input from social groups and a bill will be introduced.

[Question] With ideas on this subject as diverse as Dehaene's and Verhofstadt's, don't you fear a standstill at the government level?

[Answer] Well, I will repeat that we have not yet begun in-depth discussion. But in my opinion and with the coherency that now exists within the government, we should be able to agree on this reform. However, I will not hide from you that public finances is the most difficult issue confronting the government. But the urgency is so great that all those who want to keep our social security system--and I am one of them!--are forced to take drastic measures. This is perhaps the best stimulus to our efforts to agree.

[Question] The community issue is always right at your heels. Sometimes there is the impression, as with Cockerill-Sambre and Distrigaz, that the government is returning to the habit of overall negotiations and tit for tat.

[Answer] No. Just because we discuss one issue several times does not mean that there are "dangerous links" with others! Several times we have proven that we discuss each issue on the basis of its own merits. And it is not because a gas terminal is located in Flanders--or rather at sea--that I don't notice its weaknesses. We can make decisions, even if they are "loaded" on the community level. And for as long as we can do so, the cohesion of the government will remain intact.

[Question] You are somewhat the father of the state reform of August 1980. A reform that was to have been "definitive." And now you are obliged to reevaluate it. Do you consider that a personal failure?

[Answer] But I am not reevaluating it! I can calmly talk about the state reform, you know. Its basic elements are no longer subject to discussion, except in very limited circles.

First of all, the communities and the regions now have their own legal status. They have legislative assemblies and executives. The latter are the most effective instruments; the dynamism of the Flemish executive, the most spectacular, cannot be denied, nor can the others. In addition there has been the transfer of government departments and of their own financial resources.

Of course, this cannot all be done in a week without problems. It took the Federal Republic of Germany several years to function properly, and this only happened after an intervention by the Karlsruhe Court and the Lindau agreement between the federal government and the Lander. This has all tended to be forgotten...

Today we are in fact confronted with the same types of problems. I would be the first to say that a series of corrections and improvements is needed, but the essential components are in place and the work must be finished.

The court of arbitration must be set up, and this is a priority task, but political choices must also be made: combining the community, regional and national mandates is not possible. Without these choices it is vain to count on an improvement in the work of the regional and community assemblies, which are still the weak point of the new institutions. This is how I see the work of the state reform center that the government has decided to implement.

[Question] You don't see it as extending powers?

[Answer] If you want to go further in attributing economic powers, the issue will have to be carefully prepared in cooperation with experts, and not just political ones, but economic, financial and European.

I believe that statements such as those of the PS are totally irresponsible, the statements that advocate regionalizing in one stroke the national sectors, the infrastructure, banking, education and I don't know what else, without indicating how all this would work on the financial level.

If we did anything like that, the central state would be deprived of all its resources. And then how could it operate with a debt of over 3 trillion?

INDUSTRIALIST ON DRAWBACKS OF ECONOMIC REGIONALIZATION

Brussels LE SOIR in French 16 Mar 83 p 8

[Interview with Andre Leysen, president of Agfa-Gevaert and a leader of the Flemish employers organization, by Guy Duplat: "Everyone Will Lose if the Regions Become Autonomous!"; date and place of interview not given]

[Text] Andre Leysen is the big boss of Agfa-Gevaert, the Antwerp multinational which exports more than 90 percent of its production. He is also one of the leaders of the Flemish employers organization. At a time when Flanders seems to want its economic autonomy, Mr Leysen, on the contrary, preaches caution. Cockerill? "It is a European economic problem rather than a community problem. Let us avoid placing the guilt on the Walloons. But if bankruptcy is what is needed to save Cockerill, then let us decide on this bankruptcy."

The regionalization of the five national sectors of which the central government and the regional executive bodies speak today? "In and of itself, it will not solve anything. It might create a change in mentality, but it could lead us far on the road to economic autonomy if no agreement is reached on the rules of national solidarity. And everyone would lose a great deal from the possible autonomy of the regions."

[Question] CVP [Social Christian Party (Flemish)] representative Jose Dupre has requested the "gradual bankruptcy" of Cockerill-Sambre. What do you think about that?

[Answer] You have to avoid placing the guilt on Wallonia when you talk about that issue. The problem of the steel industry is a European problem. It occurs in all the countries which surround us. Perhaps the crisis is acute in our country because for years, it seems to me, we have failed to determine a strategy. The reasons for this lack of a line of conduct are sufficiently well known.

But let us look at today's reality! It will be very hard to make this company profitable. And I, as a Fleming, would not be happy to see Cockerill go bankrupt, but if it were to turn out that this is the only solution to save a

viable core steel industry, then we will have to go that way. The main thing is to create a company which can survive. What seems intolerable to me in the end is to lose 20 billion francs in one year, in a company which employs 22,000 individuals, that is to say a loss of 900,000 francs per worker! That is shocking to me.

[Question] In Flanders, there are the coal mines.

[Answer] The context is the same. It is also shocking to me to have to subsidize businesses such as the coal mines, some textile companies, or yet other sectors. When the Japanese are faced with similar problems, they place a time limit on credits to their businesses in trouble and they re-orient them toward sound businesses. Here, we do the opposite: we help what should die and we impose taxes on what is sound. And I am well placed to know about it, as the company I work for has to pay 400,000 francs in taxes per employed individual in Belgium!

If taxes were to be reduced, we could become even more profitable, invest and create jobs.

As you can see, my concerns for Cockerill-Sambre have nothing to do with a community problem.

[Question] Do you believe that the regionalization of those sectors in difficulty would improve matters?

[Answer] It would not change anything, as the credits are currently "well" distributed among the regions. Perhaps thanks to regionalization, they will put an end to that negative race which says that if one region subsidizes a losing sector, the other currently also tries to subsidize a losing sector. In a national management, every region wants its lame duck to compensate for that of the other region. But whether we regionalize or not, a change of mentality will have to be developed. Mr Geens in Flanders, with his third industrial revolution, is creating a state of mind, even if there is not much concrete yet about this revolution. In Wallonia, on the other hand, they want to keep companies which have no future left.

Toward Separatism?

[Question] But won't this regionalization of the five national sectors lead to the economic autonomy of the regions, if not to economic separatism?

[Answer] In and of itself, this regionalization will not solve very much. Wallonia, for example, will want to borrow in order to ensure its reconversion, but for that it will need the guarantee of the state. And we will then fall back into the same problems we have now, with each community controlling the guarantees demanded by the other community. This economic regionalization could go further, but then we would run the risk of ending up with two economic policies and two different currencies in Belgium.

[Question] Doesn't Flanders want economic separatism?

[Answer] If we were to go in the direction of separatism, the long transition period made up of freezes and delays scares me. It would last for years and would be very costly for all of us. Can we afford this, at a time when 25 percent of our young people are on the street without a job? The steel problem, I repeat it, is a European problem. There is no Flemish or no Walloon fault there to denounce. But I am afraid of the joining of typically Belgian problems with this more general economic problem.

Reasoning with Cliches

[Question] But even if this increased economic regionalization were not economically justified, hasn't it become politically necessary?

[Answer] I don't know whether it is necessary, but it is true that people don't always decide with their minds, but often decide with their hearts. On both sides of the language border, people today are reasoning with cliches.

[Question] Cliches which have been fostered by the press and by the Flemish political world?

[Answer] The press and politicians, if they want to survive, must express the opinion of the people. But if Belgium is to survive, we have to maintain some national solidarity. If there is no agreement on this solidarity, then I am afraid that we will go very far before being able to stop.

[Question] You regret the subsidizing of companies in trouble by the state, but there are also the billions of francs which have been swallowed up by the construction of the port of Zeebrugge, aren't there?

[Answer] It is hard for an inhabitant of Antwerp like me to speak about Zeebrugge.

[Question] But to stop subsidizing these sectors in difficulty and to reduce taxation of the prosperous sectors, that is to believe in the "invisible hand." What proof is there that the industrialists will invest more if they have to pay less tax? They have been helped quite well for a year by this government, and the results have not been fantastic, have they?

[Answer] This government has done more for the financial sector than for the industrial sector.

[Question] You are not satisfied then?

[Answer] The government could enact much more favorable laws in terms of depreciation. The system of depreciation, ad libitum, for example, certainly encourages investments.

True, it is clear that you cannot abandon businesses in difficulty from one day to the next, but to want to conduct a short term social policy is to prevent a long term social policy. That is the whole tragedy of Wallonia where, while trying to save today's jobs, they are killing the jobs of the future.

Those who call themselves progressive are particularly conservative. Wallonia must implement its reconversion. Unfortunately, it remains rigid, frozen. Perhaps regionalization will be able to prompt a change of mentality?

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CSO: 3619/60

BETTER COMPETITIVENESS SOUGHT THROUGH BANK REFORM

Standardization, Decentralization

Paris LES ECHOS in French 17 Feb 83 pp 2, 3

[Text] Banking reform, which got off to a mild start a few months ago, received its first official political consecration yesterday in the Council of Ministers, with the speech by Economy and Finance Minister Jacques Delors.

The minister, who has refused all along to "play the mechanic," as he calls it, with the banking and financial system, was quick to point out what has been done since nationalization and the appointment of new leaders in 1981 and 1982. He also made sure to explain "banking reform" cannot be fully covered in a law that organizes the institutions for oversight and especially control.

For reform also involves day to day banking policy in order to adjust the economy's financing to needs and changes in the environment as the system becomes more flexible and harmonious and less compartmentalized.

Finally, reform entails a certain amount of restructuring, when necessary and constructive.

The banking bill now being drafted should be brought before Parliament during its spring session. There will be meetings with the banking profession before the final version is prepared. It is designed to equalize opportunities by coordinating laws and regulations and by expanding common control. At the same time, it emphasizes decentralization and regionalization. In the specific case of cooperatives and mutual credit institutions, there is a new element to strengthen the government's control and oversight role.

The step-by-step banking reform of Jacques Delors is nothing spectacular, but it will gradually produce shock waves that will profoundly change the French banking system, which is full of peculiarities that have hampered competition in recent years.

Any action of this sort must, however, have its limits, even though nationalization has made the central government both the shareholder and overseer of the system.

The crisis, the increase in domestic and international risks, and the fragility of savings when purchasing power is threatened should all make one careful not to "overload the boat". One should also seek a liberating reform especially of credit limits, and respect autonomy in banking management which is necessary for the stability and soundness of the system as well as for competition.

This is assuming that the very notion of competition is not stifled by the nationalization of virtually the entire "traditional" banking circuit.

Banking Policy, Organization Affected

Paris LES ECHOS in French 17 Feb 83 pp 2, 3

[Article by Henri d'Armagnac]

[Text] A lofty ambition and a complex, delicate, even explosive but necessary task. Banking reform has three main thrusts: banking policy, organization law, and restructuring. Some of the main ideas taken up today go back to the Mayoux report which was submitted to the government in 1979.

And it cannot really be said that nationalization, a political action, was indispensable for a reform that involves an apparatus and an activity that have been monitored, managed and restricted to a great degree for more than 10 years.

1) Banking Policy

Since 1981 Jacques Delors has been working on it little by little, in fits and starts, discreetly but steadily. The goal is to set up a financial system to cope with the crisis, first by trying to strengthen firms' competitiveness, without disturbing the legitimate and useful international development of French banks.

Thus the volume of financing has increased and the average rates began declining as soon as the international situation and the exchange market allowed after the sharp rise in 1981.

To improve the financial position of business, the financing policy focused on the bond market, on developing subsidized loans, rechanneling savings, creating a second market, and also--directly through banks--on reducing medium-term credit rates. The policy also featured a significant return of banks to long-term credit (7 billion francs this year), a new boom in participatory loans and the development of guarantee funds to push banks to assume more risks.

We can still expect to see credit procedures streamlined further and a reform of banking pools. This is in addition to any measures or actions taken by banks to reduce the cost of "intermediation" between receiving funds and granting credit.

Decomartmentalization

2) The Law

Equalizing the opportunities of each of the networks without ignoring specificities or special fields of competence is the objective of the banking bill which has yet to be drawn up in detail.

This goes further than the simple "refining" of the 1941 and 1945 laws and involves a sort of careful and very partial "standardization" of institutions with a special legal status. The four main thrusts of the law are contained in the Council of Minister's report.

As anticipated, there is to be a "democratization" of the National Credit Council (CNC) to achieve a broader input in the preparation and evaluation of credit and financing policy. The CNC will remain an advisory body, but should no longer be the "registry office" it had become, in the opinion of some.

"Decomartmentalization": This is to be achieved by applying the same regulations and controls to all banks. These comprise institutions with special legal status, including the Credit Agricole, the Credit Mutuel, popular banks and credit cooperatives. These institutions will keep the internal control authority they already have but will come under the general regulations.

At the present time, it is the Banking Control Commission (CCB) that exercises control over the traditional (nationalized or private) "member" banks that are not part of the system of mutual companies. Will the CCB become this "independent banking commission" or will it operate within this commission? We don't yet know.

"The Archipelagos"

As for decentralization, on a regional basis the idea is to set up a "regional, financial conference". The virtue of this concept will depend of course on the composition of this "conference", the danger being that local and regional political interests will be too influential or too active.

3) Restructuring

The restructuring done up to now has been cautious and most of the talk has been about the newly developing "archipelagos", a flexible type of alliance and a new look, such as the one being formed by the Vernes, Worms and BPC (Parisian Credit) Banks.

Today, the trend is more noticeable. There is, on the one hand, the internal restructuring of the CIC (Industrial and Commercial Credit Co.) group, and on the other, the merger of the CIC and BUE into a highly diversified group.

This restructuring, imposed by reality, is a wager for the future.

Four Areas of Reform

Paris LES ECHOS in French 17 Feb 83 p 3

[Text] The Minister of Economy and Finance presented a report on the reorganization of the financial system and the main features of the banking bill.

He took the opportunity to recall all the measure adopted since May 1981 to increase the volume and reduce the rates of financing made available to firms, to assure greater protection for savings, to modernize financial networks, to improve the structures of nationalized banks and to diversify the services they render to the economy.

The banking bill being drafted, the detailed provisions of which will be finalized only after further lengthy discussions, will be based on four main concepts:

Democratization, which, under a National Credit Council with a new composition and working methods, will make it possible for all the economic and financial partners to formulate and then evaluate credit and financing policy;

Decomartmentalization of our financial system, by applying the same regulations and controls to all institutions engaged in deposit and credit operations, subject to modifications needed to respect the identity and traditions of each network; a French association of credit institutions will include all these institutions, whether public, private, mutual companies or cooperatives;

A high-level independent banking commission to be set up to ensure security for depositors and the good reputation of our credit system, through a better control and oversight organization;

Decentralization, particularly at the regional level, as the regions are to lead in economic and social development; a regional financial conference will help mobilize banking and financial instruments in this direction.

The Control Commission

The Banking Control Commission, which will be one of the basic levers of the reform and decompartmentalization, currently has control over member banks and financial institutions under the National Credit Council. It is made up of a president, the governor of the Bank of France, the Treasury director, the president of the Financial Section of the Council of State, a bank representative, a representative of bank personnel, and sometimes a representative of financial institutions, when a matter of interest to them arises.

It is the Bank of France that currently provides the Commission's funding, offices, agents, data processing, its risk center and its banking index.

The CCB's control may be exercised either by checking documents or by on-the-spot investigations. It is a regulatory control that may involve an evaluation of the use of a bank's assets and issuance of an opinion. The present system has, admittedly, allowed for effective control and has avoided serious accidents such as those which could have occurred in other European banking systems or in the American banking system.

Specific Organizational Changes

Paris LE NOUVEL ECONOMISTE in French 28 Feb 83 p 34

[Text] The credit system is quietly being reformed. After the uproar over nationalizations last year, the socialists have decided to inconspicuously reform the banking profession. They are trying to equalize opportunities between commercial banks and the mutual companies sector (Credit Agricole and Credit Mutuel). They are expanding the powers of the Banking Control Commission, redistributing functions between a democratized National Credit Council, the Treasury and the Bank of France, and increasing aid to small businesses. In all areas of the reform, the government intends to act cautiously. The only spectacular decisions it has made involve institutions threatened with or confronting urgent policy choices. The reorganization is still limited, however.

Two new appointments in the banking "establishment": the probable appointment of Jean Peyrelevade, 43 years of age, to head the Suez Financial Company (Georges Plescoff has reached retirement age); and the appointment of Claude Mandil, 41 years of age, as general manager of IDI. Both come from Matignon.

The First Wave of Mergers

Suez Financial Company

The actors: Georges Plescoff, CEO, 65 years of age; Antoine Jeancourt-Galignani, Vice-President and General Manager of Indosuez, 46 years of age; Mr. Plescoff will soon be giving up his post to Jean Peyrelevade, 43 years of age.

Recent reorganization: acquisition of industrial and property shares from the Europeenne de Banque (former Rothschild Bank) (including 13.8 percent of Imetal, 11.8 percent of CEGF and 15 percent of Quillery-Saint-Maur); reduction of the shares held in the CIC [Industrial and Commercial Credit Co.] (Suez becomes a minority shareholder); immediately after nationalization, take-over by the Suez Financial Company of all the shares of the Indosuez Bank and the Monod-Francaise Bank.

Industrial and Commercial Credit Co. [CIC]

The actors: Georges Dumas, CEO; Francois Caries, 55 years of age, head of BUE.

Recent reorganization: CIC-BUE merger. The CIC takes over all the government's shares in the Bank of the European Union (former bank of the Schneider group). Merger of CIC-BUE foreign operations; shrinkage of the CIC federation. The Industrial and Commercial Credit Co. is converted to a "bank shareholding company" in which the government will be the majority shareholder next to the Suez group, which becomes a minority shareholder. The new holding company will be a majority shareholder in the nine regional banks affiliated with the CIC group.

Worms Bank, Vernes and Paris Commercial Bank, Parisian Credit Bank

The actors: Georges Vianes, Worms Bank, 45 years of age; Gilbert Lasfargues, 58 years of age; Vernes Bank; Daniel Hourri, 41 years of age, manager of the BPC [Parisian Credit Bank].

Recent reorganization: Proposed federation between the three institutions; possible creation of an economic interest group; the fields of speciality of the three institutions will remain separate: financial and international research and development for Worms, promotion of small- and medium-sized businesses for the BPC, and medium-sized and large firms for the Vernes Bank (Vernes is heavily involved in food and trade).

Europeenne de Banque (former Rothschild)

The actors: Michel de Boissieu, 65 years of age.

Recent reorganization: recovery favored by sale to Suez of industrial and real estate shares.

Credit Lyonnais

The actors: Jean Deflassieux, CEO, 58 years of age.

Recent reorganization: take-over of Laydernier Bank, the smallest nationalized bank.

Credit commercial de France

The actors: Daniel Deguen, CEO, 55 years of age.

Recent reorganization: Contribution by the government of the shares in the Odier-Bungener-Courvoisier (OBC) Bank. Minority Swedish shareholder, P.K. Banken, remains.

Credit du Nord

The actors: David Dautresme, 49 years of age.

Recent reorganization: maintaining links with Paribas; take-over of Tarneaud Bank of Limoges (directed by Philippe Tarneaud).

UAP [Societe Sequanaise de Banque UAP]

The actors: Mrs. Yvette Chassagne, CEO.

Recent reorganization: Government contribution of shares in the Societe Sequanaise de Banque.

Pechiney-Ugine-Kuhlmann

The actors: Georges Besse, CEO of PUK; Pierre Vajda, 44 years of age, CEO of Credit chimique.

Recent reorganization: Government contribution of shares in Credit chimique.

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SOVIET REPORT: FRANCE LOST FR 13 BILLION IN CONTRACTS WITH USSR

High Prices Blamed

Paris L'USINE NOUVELLE in French 24 Feb 83 p 55

/Article by Francois Roche: "France-USSR: Billions of Lost Contracts?"

/Text/ French businesses have apparently lost 13 billion francs in contracts in the USSR the past 2 years because their prices were too high. And this does not include the bids they did not respond to or that they refused. This is what the Soviet trade delegation in France has confirmed in a document published exclusively by L'USINE NOUVELLE.

In 1982, the trade deficit between France and the USSR was almost 9 billion francs. This is about 10 percent of our total deficit, although trade with the USSR accounts for only 3 percent of France's foreign trade.

The predominance of energy products among our imports (83 percent in 1982) is of course the primary explanation for the deterioration in the trade balance. But our exports are still suffering from two notorious weaknesses.

A Fluctuating Trade

First, our trade is too diversified, ranging from sugar to industrial products. Our exports of industrial durable goods have stayed at a modest level and are less than the equivalent West German exports by more than half. In addition, French exports to the USSR vary greatly from one year to the next. This fluctuating trade is a good indication of the fragility of our trade positions. The problem, then, is to find out how a stronger basis could be established for developing trade between the two countries.

— This is what prompted the observations made by Michel Jobert to Gouri Martchouk, vice president of the USSR council of ministers, during the last high commission meeting which took place in Paris in January. "Buy more French products," is basically what the French minister for foreign trade said. "You are not competitive in terms of prices or financing conditions," was the reply from the Soviet side.

Proof? It is here in this confidential document drawn up by the Soviet trade delegation in France. It confirms that in 1981 and 1982 French firms lost 13 billion francs in contracts for durable goods. The primary reason--prices were too high. According to this document, the foreign firms that in the end obtained these deals offered prices 10 to 30 percent lower! What is more likely is that French firms may have refused or neglected to respond to bids that they were invited to reply to.

Thirteen billion francs represents almost three times the amount of contracts signed in 1982 (5.3 billion francs). The issue deserves to be looked at honestly. It is clear, however, that for the moment this information has only come from the Soviet trade delegation in France. In our next issue we will publish the reaction of French firms mentioned in this document.

The Lost Contracts

<u>Type of Contract</u>	<u>French Bidder</u>	<u>Foreign Winner</u>	<u>Price Difference (%)</u>
Two complete installations for soldering drilling tubes	ACB	Mannesmann	30.0
Sodium chloride production line (capacity - 2 million tons/year)	PEC Engineering	Lurgi AG	22.6
Four petroleum coke factories	Procofrance	Mannesmann	21.4
Aluminum chloride unit (38 tons/day)	Speichim	Toyo-Engineering	20.0
Synthetic rubber plant (180,000 tons/year)	Procofrance*	Toyo-Engineering	18.7
Complete installation for producing children's food from powdered milk	Cifai	F Unde AG	13.0
Ethylene production unit (250,000 tons/year)	Technip	Linde AG	10.0

ACB = Shops and Shipyards of Bretagne

*Subsidiary of the American firm Procon Inc. (Universal Oil Products)

Bids Refused by French Firms

<u>Type of Contract</u>	<u>Firms Contracted by the USSR</u>	<u>Date of Bid</u>	<u>Date of Refusal</u>
Carbonyl steel production unit	Speichim Serete PEC Engineering	Oct 1981	Nov 1981
Centrifuges for physiological research	Latecoere	Apr 1982	Aug 1982
Repair of the oil tanker "Petchenega" in Marseille	ACMP (Marseille- Provence Shipyards)	Nov 1982 (ship arrived in Marseille)	Forbidden by authorities
Equipment for producing magnetic disks (data processing)	Technip	Feb 1981	No reply

Jobert Reacts

Paris L'USINE NOUVELLE in French 3 Mar 83 p 60

/Article by F. R.: "Lost Contracts in the USSR: "The French Response"/

/Text/ Billions of francs in contracts lost by France in the USSR in 1981 and 1982; that is what the trade delegation of this country has stated. But it seems that there are definite differences in interpretation with the Ministry of Foreign Trade.

Did French firms lose 13 billion francs in contracts in the USSR in 1981 and 1982? In our last issue we published a confidential document drawn up by the trade delegation of the Soviet Union in France which listed the lost contracts, to whom we lost them, and the difference in price. A second document listed some bids that our firms did not respond to.

More a Question of Interest Rates than Competitiveness

This document provoked a few reactions among the colleagues of Michel Jobert, minister for foreign trade. First reaction: when a price difference is given, what exactly does this mean? The problem brought up by the Soviets really concerns the interest rates they are granted for the credits they use to buy the goods. German firms, which offer financing in German marks at attractive rates, are in a better position primarily because they can then turn to the German money market for refinancing at rates about 1 to 1.5 points higher. French firms, however, refinance on the French money market at rates much higher than those at which they lend to the Soviets. Thus the price difference in the final bid.

This is not, therefore, a problem of competitiveness for French industry. The solution would be for our firms to try to offer bids drawn up in German marks. This has been done, but Soviet authorities do not appreciate this move and maintain that they prefer to deal in their trade partners' national currency.

Can this problem be solved? It seems that during the meeting of the high commission the USSR representatives seemed inclined to reach an acceptable compromise. This will have to be done since they affirmed their desire to reduce the trade deifit between the two countries by 50 percent in 1983 and to balance it in 1984.

And what about the bids ignored by French firms? Here again it seems that there are differences in interpretation between Michel Jobert's colleagues and the officials of the Soviet trade delegation in France. In fact, of the four bids mentioned, two were for "strategic" equipment that COCOM and French regulations do not allow to be exported. The third had to do with a refusal to repair a Soviet oil tanker. In fact, this was a tanker being used to provision the Soviet fleet in the Mediterranean.

The discussions caused by the publication of this document go beyond interesting details and well show that French-Soviet trade is an issue of extreme importance.

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J. MITTERRAND ON 1982 RESULTS, PROSPECTS FOR AERONAUTIC FIRMS

Paris AVIATION MAGAZINE INTERNATIONAL in French 1-15 Feb 83
pp 18-19

[Text] Is the French aeronautic and space industry in a state of crisis? Jacques Mitterrand, president of the GIFAS [French Aeronautic and Space Industries Group], attempted to answer this fundamental question during a late January meeting with specialized aviation journalists. This was a hazardous undertaking, at which Mr Mitterrand was accompanied by Messrs B. C. Vallieres, president of Dassault-Breguet, Jacques Benichou, president of SNECMA [National Aircraft Engine Research and Development Company], Robert Lensele, head of the GIFAS equipment group, and Jean-Claude Coudert, representing the professional association. The report given was all done in half-tones, cautious but realistic, and in the end, listed great expectations for the future of the industry.

While it is still too early to draw any precise conclusions about the results for 1982, Mr Mitterrand said immediately, we can still find "a record of generally satisfactory overall performance." Statistics speak quite eloquently here: consolidated sales rose from 44 to nearly 50 billion francs, and orders placed rose from 52 to 58 billion francs, of which 44.5 billion francs were for exports (up from 35 billion in 1981).

In reviewing export deliveries in 1982, we find that they amount to approximately 60 percent of total sales. On the subject of new contracts signed, the volume of exports is high, but still corresponds to a prospect of deliveries more spread out over time than in the past. According to Mr Vallieres, this is because sophisticated equipment of the Mirage 2000 class requires a longer time for development, and in addition, the first four countries purchasing this aircraft have not ordered it in the same definition, but on the contrary, have chosen different types of equipment and systems.

The total workforce in the industry has risen from 114,000 to 116,000 people, and orders have increased from 105 to 113 billion. These raw data, taken in themselves, do not give any cause for major concern. But, said Mr Mitterrand, we should look at these figures more closely, so that we will not have any illusions.

A first example is the level of the workforce: its size is based on orders signed before 1982. Another comment: commercial activities express the results of a rigorous management policy and a programs policy which, in some cases, began a good number of years ago.

A Difficult Phase

According to Mr Mitterrand, 1983 and 1984 may well be a difficult phase. In the civilian area, because of the obvious stagnation affecting sales of transport aircraft, helicopters, and business planes. And also in the military area, because of the austerity policy restricting all the European defense budgets. In addition, at the same time the United States has recovered a strong competitive position, while European cooperation remains in a dormant phase.

Of course, as one thing leads to another, the levels of work, staffing, and investment might well be affected. Industry and government officials should for this reason take action to get through this period without major difficulties, while at the same time making preparations for the future. Three essential points worth noting are:

- a. Commercial aspects of the French aerospace industry must be revitalized;
- b. An attempt should be made to give a second wind to European cooperation, "particularly, but not solely, Franco-German cooperation";
- c. Difficult technical problems must be dealt with. Procedures for financing sales must be developed; these should be worked out and implemented as quickly as possible.

After this listing, Mr Mitterrand did make a reassuring comment. "This is not an abnormal or unexpected situation. We are used to variations in business cycles." But in order to get through

such difficult times, not only should we persevere, but we must also develop rigorous attitudes and a spirit of solidarity, though without harming the industry's long-term capacity or affecting its competitive spirit.

After these cautionary remarks, Mr Mitterrand said that the essential factor to remember is that "if there is an interim phase lasting 18 months or 2 years, the aerospace industry should be able to survive it." It does have a number of advantages enabling it to do so, as it has been strengthened, it operates above a critical size level, its technological capacity has made some considerable progress, its equipment has been modernized, and to some extent, there have been improvements related to the decline in competition caused by the clash of monetary parity levels and differing inflation rates.

The industry representatives themselves, along with their government regulatory counterparts, said Mr Mitterrand, should display a "fairly clear" vision of future prospects and orientations. "If we manage to carry through our policy, we will succeed." At this point in his speech, it becomes easier to understand the force of circumstances. Mr Mitterrand explained that "the course we have to follow is a narrow path. We must be careful not to fall into a spirit of excessive pessimism, and we must also not remain rigidly attached to the concept of instant results."

In the Short Term

In considering the year just beginning, which is the very short term period, based on the statements made by the GIFAS head and the other officials accompanying him, it appears that overall we can speak in terms of stability, though with some reservations for equipment manufacturers and subcontractors.

For equipment manufacturers, the general trend seems to be toward a decline, varying greatly from one company to another. For the subcontractors, while there are without a doubt some problems, there can be no question of savage cuts that would endanger an entire industrial fabric. Here is where the real concept of solidarity should be applied, "so that we can find ways in which to suffer together."

The Dassault-Breguet group, considered a model in this area, gave up to 53 to 56 percent of its workload to subcontractors during the period from 1979 to 1981, approximately 47 percent last year, and will probably not go below "40-some percent"

in the future. But we should also remember to take into account the requests for economic compensation being heard more and more often in foreign markets.

"Forty-Some Percent"

At SNECMA from 1977 to 1982 the work sent outside the company rose from a level of 26 to 37.8 percent, and during the same period of time at Aerospatiale, it rose from 18 to 34 percent. At present, there are plans to hold this level at about 30 percent. But of course in these different cases, it is always a matter of a percentage of the work generated, so everything is really a question of proportion.

A great deal of attention is being paid to the big companies. How are they going to behave in the immediate future? There will be a slight growth in the engine manufacturing companies, a slight cutback at Aerospatiale (which will be handled primarily by changes in the length of time worked), and no significant problems at Dassault-Breguet.

Based on this information, it becomes easier to understand why it is hard to present an objective image of the situation and future prospects of the French aerospace industry. In 1982 the results were satisfactory and growth was faster than the rate of inflation; 1983 started off in roughly the same manner but, beyond the immediate present, we see strong indications of a difficult transitional phase which will certainly not appear in any statistical tables until some time later.

In addition, while it is customary to say in such circumstances that the months to come will be decisive, the fact is that some vital decisions and orientations are expected during 1983. Such a comment applies to a renewal of cooperation and to the expansion of the Airbus line.

On the subject of cooperation, after the German elections in March we will see whether the friendly hand held out to Bonn on the occasion of the start of the ACX program will be warmly grasped, and if the antitank helicopter, the PAH-2, will be able to get out of its rut ("This sea serpent seems to want to take on rotating wings," Mr Mitterrand commented about this program). On the subject of the Airbus expansion, the fate of the A-320 project may become clear quite soon.

An apparently important step was taken a few weeks ago at the time of a summit meeting of the companies involved in the Airbus Industrie group. A very specific strategy was worked out for the start of a new program. Now the conditions have been met so that a decision may be made "next summer." To be more explicit, Airbus Industrie has decided to introduce an A-320 with two CFM56-4 engines. This will enable the company to show that the vicious circle so often criticized--concerning the engines for the new generation of 150-seat planes--has finally been broken. This month the sales staff from Toulouse will begin to try to explain this to aviation companies all over the world.

Quite logically, Mr Benichou took this opportunity to speak out in favor of the CFM56-4. He explained that the aviation companies are going to weigh the advantages of this engine in terms of its specific consumption, its advantage of 3 million hours of flight time at the moment it begins service, and its lower cost, because of lesser investment costs. The CFM56-4, we should remind our readers, is based on an analysis of the tests of the CFM56-3, designed for the Boeing 737-300, of which three models are now being bench tested, and also on what was learned from the start of operational service of the CFM56-2 in April 1982.

Still in the area of civil aviation, the Franco-Italian ATR-42 has reached and even slightly surpassed the objectives set for it for last year, since to date 42 firm orders and about 20 options have been received for this aircraft.

So this is to be an interim, transitional phase. It will be marked by a wait-and-see attitude, illustrated by very cautious remarks, but without excessive concern. And also without too much optimism.

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ELECTRONICS INDUSTRY DECLINES IN 1982, TO GROW 1.5 PERCENT IN 1983

Percentage of Growth by Sector

Paris ELECTRONIQUE ACTUALITES in French 18 Feb 83 pp 1, 2

/Text/ A comparison between the forecasts of BIPE /Bureau of Economic Information and Forecasts/ and those of the profession in our electrical and electronics industries leads to a prediction of a 1.5 percent growth in volume in 1983 according to the Federation of Electrical and Electronics Industries /FIEE/ in its latest bulletin. This advance should be compared with an estimated 0 to 0.5 percent growth in volume for 1982 given in the same bulletin.

The FIEE believes that, for the most part, the 1.5 percent growth predicted for 1983 will be due to professional electronic equipment that was ordered in sizable quantities in prior years and that is now ready for export.

The Federation does not foresee any significant improvement in the figures of the other branches of the equipment sector. Similarly, the FIEE is expecting consumer goods to stagnate. However, the expected growth in current francs for data processing equipment is about 12 percent.

Estimate of 1982 Figures

For 1982 as a whole, the growth in volume in our industries should be between 0 and 0.5 percent, with -1 to -2 percent for durable goods, +4 to +5 percent for consumer goods and +2 to +3 percent in intermediary goods. The growth in current francs for data processing hardware is estimated at about 16 percent.

These estimates take into account the decline in consumer goods and quickly manufactured industrial durable goods experienced during the fourth quarter as well as a probable elimination of billing delays in certain branches with long manufacturing times.

As for the final figures for the first 9 months of last year, billings, in volume or at constant prices, were 1 percent greater than those of the corresponding 9 months of the prior year. By branch these figures break down at -2 percent for electrical manufacturing, +2 percent for electronic manufacturing and +8 percent for household equipment. For the large economic sectors the changes were -2 percent for durable goods, +10 percent for consumer goods

and +2 percent for intermediary goods. It should be noted that during the last months of last year television sales declined less than had been feared and ended up greater than 1981 sales. However, demand for electronic components bottomed out and order books were emptied. Demand for durable goods fell, both in France and abroad.

As for foreign trade in the first 10 months of 1982, exports (in current francs) increased by 17 percent and imports by 28 percent. The cover rate of imports by exports (0.92) was 1.21 in durable goods, 0.41 in consumer goods and 0.83 in intermediary goods.

Trade in electrical and electronic hardware with our major partners during the first 9 months of 1982 showed a negative balance of 3.284 billion for France (-4.23 billion compared to the corresponding period in 1981). The deficit was 3.438 billion with the FRG (-1.643 billion francs), 8.788 billion with the United States (-1.833 billion) and -4.517 billion with Japan (-1.599 billion).

Money Amounts by Sector

Paris LE MONDE in French 19 Feb 83 p 31

/Article by L. L.-B.: "The Disturbing 1982 Figures of the Electrical and Electronics Industries"

/Text/ Increased imports of electronic equipment in 1982 have canceled out the traditional trade surplus in the electrical and electronics branches. According to the figures that the Federation of Electrical and Electronic Industries (FIEE) is getting ready to publish, the surplus dropped suddenly from 7.4 billion francs in 1981 to only 700 million francs in 1982.

Three sectors are responsible for the bulk of this drop: data processing, mass consumption electronics (TV's, videotape recorders, stereos, etc.) and electrical appliances. The deficit in data processing went from 1 billion francs in 1981 to 5.3 billion (imports climbed 41 percent), in mass consumption electronics from 3.9 to 5.8 billion, while in electrical appliances imports (especially of large appliances) climbed by 25.6 percent while exports dropped by 2.8 percent (the deficit was 1.9 billion francs).

The experts were not unaware of the problems in these sectors that are currently being reorganized. In particular, they were expecting a 1982 deficit of 12 billion francs in the "electronics branch" (a different classification than FIEE's), compared to 6 billion the preceding year (LE MONDE 22 January). But the other activities are also a cause of concern. Except for electrical durable goods, the only satisfactory sector, which increased its surplus from 8.3 to 10 billion francs, most other activities stood still or declined, such as radiology (300 million francs deficit), measurement (400 million) and components (1.9 billion). If data processing and mass production electronics are excluded from the rest of the FIEE figures, the trade balance (14.1 billion francs) fell for the first time. The strong tendency to advance has been broken.

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CSO: 3519/371

EIGHTY PERCENT OF ELECTRONICS FIRMS' 1982 ORDERS GO TO MILITARY

Paris ELECTRONIQUE ACTUALITES in French 4 Feb 83 pp 1, 8

[Article by D. Levy]

[Text] Thanks to its military activity, professional electronics has once more progressed very strongly in 1982, with 30.6 billion francs of recorded orders (+30 percent with respect to the previous fiscal year). The results are even more remarkable in exportation, with 17.9 billion of orders for a growth of 75 percent! However, while we can properly give due credit to the accomplishments of our industry, which is consolidating its second place in the world, after American professional electronics, it would be dangerous to allow ourselves to be lulled into a blissful optimism.

On one hand, because the situation is worsening, domestically as a result of reduced defense allocations, and abroad as a result of difficult circumstances; and on the other hand, because the dependence of professional electronics on the military threatens to become untenable. This sector, which represented 58 percent of total orders in 1979, reached 64 percent in 1980, 66 percent in 1982, and probably nearly 80 percent in 1982 [in text].

To be sure, the reality does not appear as brutal as the figures might indicate. The experience gained by our manufacturers in the military domain has had broad spinoffs in their civilian activities, which do not all fall in the sector covered by SPER (Syndicate of Industries for Electronic and Radioelectronic Professional Equipment). Overall, this increases the share of civilian activities in enterprises.

Nevertheless, the continuous drift of professional electronics toward the military calls for caution against an excessive vulnerability on the part of industry. In fact, the situation is deteriorating both domestically and abroad, which raises concern about a difficult 1983 (in terms of orders). Domestically, there has been a significant reduction in defense allocations (13.4 billion of program authorizations were deleted from Title V of the budget). Yet, Mr Gest, SPER chairman, stated that "our professional

electronics represents 15 percent of the budget." In exportation, few large orders have been recorded during the last quarter of the year, and the loss of buying power on the part of our traditional customers in the Near East (due to the loss of oil revenues) will weigh heavily on our industry's results for 1983.

Of course, it would be absurd to voluntarily reduce our military sales. Actually, as Mr Gest pointed out, "if the military share in our business increases, it is not because of us but rather a reflection of the market." However, in order to avoid the alternatives indicated above, a certain equilibrium should be re-established by diversifying our industry toward civilian activities. On the other hand, if the large infrastructure programs (television, air navigation, and so on) are achieved in France, and substitution systems such as broadcasting satellites and cable networks have not yet reached their maturity, it would be appropriate to fully undertake the projects started in these two areas on a national level, so as to acquire the necessary competitiveness on foreign markets.

Good Progress Over Three Years

But concern for the future must not mask the remarkable results of French professional electronics. While the 1982 turnover advanced only by 8 percent to 20.5 billion, and even decreased slightly in exportation (9.33 billion against 9.6 billion), reflecting the pause in orders encountered in 1980-1981, orders have jumped to 30.6 billion (against 23.4 billion), of which 17.9 billion for exportation (against 10.3 billion). The distribution of orders received in mainland France (12.7 billion) is 2 billion for civilian agencies, 5.75 billion for the armed forces, and 4.95 billion of miscellaneous orders. We might add that orders on the books amount to 51 billion.

The evolution of the past three years, which overshadows non-significant year to year variations, also shows a notable progress for professional electronics. Over the period of these three years, turnover has increased by 61 percent, at an average annual rate of 17.3 percent. The corresponding growth for exportations has been 48 percent, for an average annual rate of 13.9 percent. During the same period, recorded orders have increased by 102 percent, at an average rate of 26.5 percent per year. For exportation, orders have increased by 137 percent, at an average annual rate of 33.3 percent.

Total personnel is now 55,250 employees, for a growth of 4.5 percent. And as Mr Gest indicated, "each job in our enterprises means another one at our subcontractors and service companies."

Maintain Defense Allocations at a Sufficient Level

The SPER chairman added that "seven out of ten jobs are represented by military electronics." The impact of the military, specifically on the 1982 results, have led Mr Gest to discuss the topic of Economy and Defense, pointing out that in our country, "defense expenses, especially in

professional electronics, have had a large positive effect on foreign trade and employment, and a significant influence on the evolution of other industrial sectors due to the transfer of technologies from weapons electronics to these other sectors."

Mr Gest thus showed that in 1982 professional electronics covered nearly 10 percent of our foreign trade deficit. "Weapons electronics represents three-fourths of these exports," he added, stressing that "these results are obtained only by relying on research and development, and on mass production orders from the Defense Department."

Lastly, after discussing the indirect effects of military electronics as a "priming role" for sales of civilian equipment abroad, and its technology transfers to other sectors (hyperfrequency, optronics, infrared, lasers, and so on), the SPER chairman voiced a barely veiled warning to the government, stating that "it will however be possible to maintain these results only if the national effort for defense equipment research and development, and only if mass production orders continue at a satisfactory level."

11,023
CSO: 3519/350

THOMSON INVESTS FR 60 MILLION TO LAUNCH HI-FI LINE

Paris ELECTRONIQUE ACTUALITES in French 4 Feb 83 p 2

[Unsigned article: "Thomson Hi-Fi Set to Regain Domestic Market"]

[Text] Thomson has just introduced a 40 W hi-fi set manufactured entirely in France. This unit, named Ligne France, follows the mini-set which is also manufactured at the Moulins plant, in Allier. Thomson's hi-fi line will be completed with a 30 W model, expected next month, and a digital tuner promised for September. All in all, more than 60 million francs will have been invested in two years to produce this line, to which will have to be added 15 million per year for subsequent developments. This is the price to pay for regaining the French (and European) hi-fi market. This slot should be considered as one element in a broader Consumer Electronics Plan which will pivot around Thomson-Grundig if the Germans give the green light.

To respond to the Japanese challenge (more than 75 percent of the hi-fi sets sold in France), Thomson has fully robotized its production lines at the Moulins plant. In fact, to the extent to which manufacturing costs per hour in France (60 francs) are much higher than those in Japan (40 francs), Thomson had to reduce fabrication time to a minimum in order to remain competitive against the Japanese.

These investments will be amortized only by selling 300,000 units per year; this will allow the Moulins plant to balance its financial situation which is presently in deficit. To be profitable, the turnover of the Moulins plant (currently 300 million francs) will have to double.

For Thomson, the development of Ligne France is the second stage in a process whose objective is to transfer all the hi-fi line to French production by 1984. Thomson-Brandt, we might remember, launched a compact mini-set 18 months ago, which today takes up 50 percent of the slot in the French market. The next stage will be the fabrication of a videotape machine for a market on which imports represent 90 percent of sales.

The Ligne France sets are introduced on the market at a price of 5000 francs. With a power of 40 W, they consist of four separate standard-size components, among which a tape deck and a three-band tuner.

Thomson's ambition is to sell 350,000 sets in 1983 (against a domestic demand estimated at 1.0-1.4 million in 1985). Of course, the company does not intend to limit itself to France, but also aims at the European market, notably Germany, Italy, and Spain, where its consumer branch is located.

11,023

CSO: 3519/350

ZANUSSI ELECTROMECHANICS FIRM WILL UNDERGO REORGANIZATION

Rome L'ESPRESSO in Italian 13 Mar 83 pp 181-183

[Interview by Giuseppe Turani with Lamberto Mazza, president of Zanussi: "But a New Miracle Will Happen"; date and place not given]

[Text] In the view of the president of Zanussi, it could even come in 1984. Certainly there are 3,000 layoffs....

Milan--even Zanussi--Italy's second-ranking electromechanics firm, after Fiat, and No 1 in Europe in production of household appliances--had a disastrous 1982 and is now in big trouble, on the very eve of important international negotiations that are of some relevance to the entire sector. Of Lamberto Mazza--president of Zanussi for more than 10 years and the man who guided the Pordenone firm out of the crisis of the early 1970's and during the expansion that lasted until 1979, without any particular shocks, so that a "Zanussi miracle" was spoken of for years--we ask what truth there is in all this.

"As regards the first point, the 1982 results," Mazza replies, "I can confirm that we closed with losses around Lit 100 billion at the group level. But I deny that the group is in trouble."

[Question] A loss of Lit 100 billion in a single year is a lot, though.

[Answer] True, and I do not deny that I would have preferred the company to make that amount rather than lose it. But that's a long way from saying that Zanussi is in ruin, or even just in big trouble.

[Question] Why?

[Answer] Let's begin by making a big distinction. The sector in which a large part of our production and our activity is concentrated--i.e., household appliances (refrigerators, freezers, kitchen ranges, dishwashers, washing machines)--did not lose a single lira. Indeed, strictly from the accounting point of view, it showed a profit of 7 or 8 percent. This means that the main part of the firm, the work for which we are best-known in the world, is sound, it is going well and is producing results that are not disappointing, even in a year, such as 1982, that was difficult for everyone and came out very badly for some. We are still the No 1 producers in Europe, and the quality of our products is

second to none. We are not in trouble and we do not feel as if we were. We have several problems and we are working on solving them. This is our business. We came out of the crisis of 1970, and we will come out of today's crisis too.

[Question] Where did this 100-billion loss come from, if not from household appliances?

[Answer] From a series of facts that are partly under our control and also from others that are not up to us.

[Question] Can you be clearer?

[Answer] Let's take the case of electronics. In years past, we have made many investments in that sector. In practice, it involves, for right now, the manufacture and sale of television sets. There is a bit of strategy here, though, for the coming years: computerization and civilian electronics will, indeed, have to make use of television sets. We perceived the importance of this product years ago, and we have equipped ourselves in order for Italy to have an independent presence in the sector. We set ourselves a task.

[Question] With what results?

[Answer] Excellent results from the technical point of view and as regards plant. Very bad as regards the balance-sheet results: with television sets, we have never earned a cent. Indeed, from the beginning of our activity to today, this work has already cost us no less than Lit 200 billion in losses. It has been a very high cost, but we have borne it nonetheless, because there was nothing else to do, from the positive results of the household-appliance sector.

[Question] Why have you missed the target with television sets?

[Answer] We haven't been the only ones. With the exception of ourselves, who had the financial and entrepreneurial strength to hold up, there is not a single sizable producer remaining in Italy today in this sector. But there has to be a reason.

[Question] What?

[Answer] Wrong choices in the political area. Up to the last minute, it was thought that the arrival of color television in Italy could be delayed. Except that the first color transmitters sprang up on our borders. And we, meanwhile, were waiting for the government's decisions on the system to be adopted. PAL [Phase-Alternation Line] or SECAM [Sequential Color Memory System], it was asked for months, forgetting that for us, this meant international agreements, equipment, plant--all of them things that one does not do on the spur of the moment. Then, in the end, the introduction of color was decided on all at once, without coordination with the national industry. The result: what there was, was swept away. The foreigners took the Italian market for themselves. Today we, who are the biggest Italian producer, control about 12 percent of our domestic market. We committed "suicide"--that's the truth--and we have never

come back to life again, despite the efforts we have made. Even in 1982, for example, we increased our sales by 64 percent--a result that many firms would have liked to be capable of achieving. But this incredible performance served only to raise our share of the Italian market from 8 to 12 percent. When one is eliminated from a market like this, it is difficult to come back. One fact should be enough for you: we have very modern plant capable of producing 400,000 television sets per year, but we manage to sell only 230,000, and the rest is taken by the foreign competition, which is present in strength in the Italian market. On the other hand, we did not install plant for 400,000 television sets out of megalomania. This is the minimum level for manufacturing television sets at competitive cost. Below that threshold, it does not make sense to start manufacturing TV's.

[Question] Other mistakes?

[Answer] No. In electronics, we have done everything that it was right to do. We ran up against a government policy that bashed us; since then, we have been sailing against the tide, trying to make headway, but it is not easy. Besides, there have been other incidents--not mistakes--but not very serious. A few rescue operations--such as in the Ducati case--which we probably would not have done if we had considered only the interest of the firm and not its role as the leading group in the sector and in two Italian regions (Friuli and Veneto). But these are not the things that really count. There have been three things in particular that halted the "Zanussi miracle" (though in my view it will revive soon): electronics (that we have already talked about), inflation, and the rise in interest rates.

[Question] Let's talk about inflation..

[Answer] In this regard, our firm has suffered the same consequences as all the other enterprises. For more than 10 years, we have had inflation higher than that of our foreign competitors, and this means higher costs than those of the others. Up to a certain point, this "difference" has been compensated for by the periodic devaluations of the lira. Then, from 1979 on, that was all. There have been only partial recoveries, and this has meant operating with greater difficulties in the foreign markets, earning less and less. Add the recession to this, then the lower sales in all markets, and the picture is complete. In 1979, financial costs took 3 percent out of our billings. Today, since interest rates have had to be raised to follow the curve of inflation, they take about 12 percent out of our billings.

Since our sales come to Lit 1.6 trillion, it is clear what this means: if we could operate today under the conditions of 4 years ago, our balance-sheet would be better by virtue of the "financial costs" heading alone. In other words, we would have a profit of some 10 billion instead of a loss of 100 billion (I am speaking, of course, of a real balance-sheet and not of bookkeeping entries: even for 1982, indeed, thanks to Visentini No 2, we will close the books in balance because we have very big reserve assets), and this should make one understand, among other things, why it is important for us, as well as for all the other firms, to find a way to bring down the cost of money (as well as raise the inflation threshold): our capacity to make profits, to have resources with which to think of new things, to grow, depends on it.

[Question] You said that the "Zanussi miracle" can revive. What makes you think so?

[Answer] Several elements. Let's begin with household appliances. As you know, they have been, for many, many years, the great promise of so many countries that have launched into investments. The result is this: for some time in Europe, we have had 20-percent more production capacity than what the market is ready to absorb, and 10-percent more in actual production. And this creates difficulties for everyone. The problem is particularly serious as regards the components (motors, components), imports of which are beginning to come also from the countries of the East and Asia. If we are not careful, we may discover within a few years that most of our refrigerators have compressors in them that come from outside the EEC. Since the rest is not very difficult to imitate, we may discover, within a few years, that our household-appliance industry has emigrated, ready to be absorbed by that of other countries. And in Italy alone, more than 60,000 persons work in this sector. That is why we, as Zanussi, have proposed that European talks be held. The aim is to place the components factories in common, so as to improve competitiveness and programming, with big savings for everyone. What it amounts to in practice is this: we are the leading firm in Europe, and therefore we are proposing to the others that they make use of our factories for producing their components. In their interest, too.

[Question] And is it working?

[Answer] I would indeed say so. These talks are already going ahead, and there are great expectations. Even the governing circles have come to understand that there is no longer any room for mistakes. Household appliances, together with the automobile, are one of the few sectors in which we have a strong position in Europe. Why lose it?

[Question] Then there is electronics.

[Answer] In this field, which today means TV to us, but tomorrow video recorders, video games, home computers, household control and security systems and even more, we do not hold a leading position, as I said earlier. Frankly, indeed, we are up against a wall; we can't do it by ourselves any longer.

[Question] And so?

[Answer] And so it is indispensable for the REL [expansion unknown], the company for restructuring civilian electronics that was set up with the 1963 law, to proceed to setting up the operational company by which to bring together the productive resources of Zanussi Elettronica and of other, minor companies. Only with this productive combine, and with the support of the financial resources--albeit inadequate--at the REL's disposal, can it be hoped to save what remains of Italian civilian electronics and to be adequately prepared, on time, for the European readjustment of the entire sector.

[Question] A rescue operation.

[Answer] I would say a "repair" operation. I know it is an ugly word, but I do not see what other expression can be used. The state has done everything, in the past, to liquidate this sector. Rather, it has done nothing in order for it to stay on its feet. We have lavished time, energy and more than Lit 200 billion on it. Now we aren't making it anymore, and the state must decide: is it of interest to it for our country to have a position in electronics? If so, it has to make the appropriate provisions. But on this point, it now seems to me that there is general agreement: we are all convinced that this is the thing to do and that it should be done quickly. The important thing is that Italy continue to be present in the sector. Then we shall see. The operation, among other things, has everything necessary in hand to become an excellent business and not a bottomless pit to throw public money into.

[Question] Household appliances and electronics are being rescued within the big European agreements that are being talked about these days. And Zanussi?

[Answer] We are not a firm that has to be rescued, but rather a firm that must be put back in condition to get back on track again. There are several operations that are external to Zanussi, but fundamental. I am talking about the lowering of inflation and the cost of money. Without these two elements, our discomfort could grow to the point of becoming a real disease. But the same thing will happen to a large part of Italian industry. A reduction of inflation and a lowering of the 20-percent interest rates are a condition without which it is impossible to think of having industry in the long run.

[Question] And on these two points, it appears that something is being done.

[Answer] Yes, but things have to be done faster. Every year that passes means billions of lire down the drain.

[Question] Meanwhile, what can Zanussi do?

[Answer] Move the European-level talks ahead in the most intelligent way possible. The sooner we arrive at real agreements, the better for everyone. Furthermore, we are studying the possibility, in collaboration with the banks and through the use of regional laws, of reducing our indebtedness, which today is around Lit 800 billion, by Lit 200 billion. Finally, we will reduce personnel by another 3,000, after the 3,000 who left in the period 1981-1982.

[Question] Zanussi comes down hard.

[Answer] No. Like other firms, we should have reduced personnel by 6,000 right at the beginning of 1981. Instead, precisely because we understand that we have, in the Veneto and Friuli, a social burden perhaps even more important than that of Fiat in Turin, we are trying to do in 3 years, and gradually, what the logical firm would have inflicted right away and abruptly. And this too has meant extra costs for us. Six thousand persons fewer are no little thing: they mean Lit 120 billion per year less in costs.

[Question] And then Zanussi will take off again?

[Answer] It will start producing wealth again instead of consuming it. The turnaround of the next 2 years is precisely this. The ideas are clear: putting electronics in order, reorganizing household appliances, reducing debt, reducing personnel, and then if it is managed to reduce inflation and the cost of money, there is no reason why in 1984 there won't be talk of a "Zanussi miracle" again. It wouldn't be the first time, for that matter. In 1970 too, remember? They thought we were at the point of death. And the crisis of that time, believe me, was far more serious than the crisis now.

11267

CSO: 3528/113

BANCO EXTERIOR MOVING MAJOR CREDIT INTO EXPORTS

Madrid EL PAIS in Spanish 16 Mar 83 p 58

[Article by Salvador Arancibia]

[Text] Madrid--Export credits granted by banks and savings institutions totaled 1.13 trillion pesetas at the end of last year, a 31.6 percent increase over 1981. This reflects a net increase of 271,59 billion pesetas over the prior fiscal year. The growth has been rather uneven among the groups of financial institutions participating in export financing, as a result of changes made in various export credit modalities. The Banco Exterior de Espana has considerably increased its market share over the previous year, now covering about 62 percent.

Out of the 1.3 trillion pesetas comprising the current balance of export credits at the end of the 1982 fiscal year, the Banco Exterior provided more than 700 billion pesetas--representing a 45 percent increase over the previous year. This substantial increase means that the bank, with a majority of public capital, went from a 56 percent share of total export credits in 1981 to 62 percent by December 1982. The rest of the private banking sector showed much smaller increases than in previous years, and their current balance amounts to 404 billion pesetas, or a 12 percent increase over the 1981 fiscal year.

In past years there has been a 20 percent increase in current risk for private banks involved in export transactions. Savings institutions have a very small current credit balance, less than 24 billion pesetas or a little more than 2 percent of the total.

A look at the various types of export credits shows both the reasons for the increased role played by the Banco Exterior de Espana and current financing trends, which are related to the new provisions approved by the Council of Ministers last week but which have not yet been published in the BOLETIN OFICIAL DEL ESTADO.

Up to 1981, short-term export financing by means of arrangements known as "circulating capital" and "consumer goods and others," which called for pre-financing with amortization of less than a year, accounted for more than half of current credits. In mid-April of last year, a timetable for phasing out financing by circulating capital was established, to adapt Spanish practices to those of the Community and to new international protectionist tendencies.

This caused a decline in the current balance of that financing, which was not offset by an increase in resources for operations of less than a year.

Export financing for capital goods, ships and aircraft, which has a longer amortization period, increased considerably during 1982. It currently accounts for more than 700 billion pesetas of the 1.13 trillion total. This stands to reason if you consider that contracts to build industrial plants in third countries or to sell high-cost capital goods always entail medium- and long-term financing clauses to ease the buying terms.

Increasing Exports

One of the primary ways to guarantee the growth of the Spanish economy is to ensure a constant rise in exports. For 1982, official estimates place the increase in total exports in real terms at over 2 percent, while other studies prepared by private financial institutions put it at more than 3 percent. In any case, external demand accounts for more than 50 percent of the increase in the gross domestic product.

The government has targeted an increase in exports in real terms of 5 percent. This means that they are going to have to continue gaining market shares in international trade, a questionable possibility according to some private analysts. In all events, it appears to be a very ambitious objective.

9805

CSO: 3548/264

STEEL EXPORT TO EUROPE REMAINS IN DEPRESSED STATE

Madrid EL PAIS in Spanish 16 Mar 83 p 57

[Text] Negotiations for Spanish steel exports to the European Economic Community (EEC) will begin shortly, once certain statistical problems are resolved. The fundamental problem, however, still remains: the Federal Republic of Germany refuses to allow more than 60,000 tons of wide beams to be imported. Spain is asking for 90,000 tons a year. The European Commission has taken an intermediate position, as it considers that the FRG has never asked for such a large reduction and the total quota of Spanish steel exports to the EEC was not filled in 1982.

According to figures from the European Commission, Spain exported a total of 717,000 tons, while its quota was 780,000 tons, which indicates how serious the European crisis is in this sector. The EEC wants to set a total quota of about 740,000 tons for 1983.

A German source indicated that an agreement could be reached shortly, provided either the proposal on wide beams is accepted or the subject is entirely left out of the general negotiations. In 1982, Spain exported about 100,000 tons of these beams to the Federal Republic of Germany, but the FRG regards part of this amount as dumping.

Germany went so far as to say that Spain had exceeded its total quota in 1982 by 200,000 tons. The day before yesterday the figures were checked to verify that this difference in the figures was a result of temporary exports, as the Commission maintained. In other words, Spain exported to the EEC 646,000 tons of steel for rolling, which was then exported to Spain or to third countries. The door is open for a resumption of negotiations with Spain in this sector, but the FRG's position on this is inflexible, in principle. It is on the subject of wide beams that the previous negotiating session broke up a month ago.

Dairy Surpluses

Moreover, last Monday the community countries were divided on the milk problem as initial discussions began in Brussels on the EEC's proposal to increase the price of dairy products by 2.3 percent for the 1983-84 season.

For the Commission, this increase--revised downward from the initial proposal of 3.2 percent and considerably less than the 5.5 percent hike proposed by most farm producers--is the only realistic solution to the dairy surpluses. The "Ten" will continue to take up the proposals for dairy prices, one by one.

9805

CSO: 3548/264

TIGHT MONEY SITUATION AT WORST LEVEL

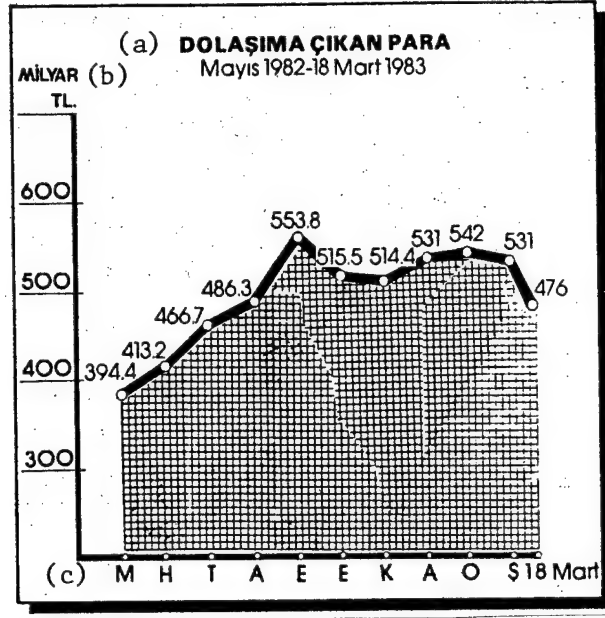
Istanbul TERCUMAN in Turkish 31 Mar 83 p 5

[Text] The tightening of the administration's monetary policy through the Central Bank is beginning to have an effect on the market. It was announced that an additional TL 4 billion 600 million has been removed from the market between March 11th and 18th. According to the latest information, money withdrawn since the beginning of the year has reached TL 66 billion. As of March 18th, the amount in circulation is TL 476.5 billion.

The existing tight money situation is aggravated even more by the fact that we are in the month in which books are closed and taxes paid. Further contributing to the heightened need for cash are companies preparing to pay the first installment of the corporate tax which is due in April, as well as those who want to benefit from the tax amnesty. According to rumors in the market, some taxpayers who want to take advantage of the tax amnesty are looking to borrow for deposits at the Agricultural Bank before blockage on April 15th. The reason given is the desire on the part of those who have large sums coming to them to include these sums in their financial statements. In this context, borrowing for a few days at high interest rates has been observed.

Gold Market

Merchants who keep gold on hand have been converting to cash because of the tight money situation. This has led to a slackening of demand for gold and a price drop. Further, the repayment of loans taken out during the harvest season by farmers also adds to the inactivity of the gold market. Another factor is the world gold price which has hovered around \$412-\$414. For these reasons, no movement in the gold market is expected until the middle of April. It is said that prices quoted over the telephone for future gold sales are lower than current prices. The price of the gold Republic coin has been around TL 23,000 for several weeks now. Gold prices are expected to move again in foreign and domestic markets after the middle of April.



Key: (a) Money in Circulation
May 1982 to March 1983
(b) billion Turk Lira
(c) May, June, July, August,... up to March 18th

12203

CSO: 3554/229

DOGAN ON HARDSHIPS BROUGHT BY DEVALUATED LIRA

Istanbul CUMHURIYET in Turkish 5 Apr. 83 p 7

[Article by Yalcin Dogan in the column "Comments" "The Nation's Sacrifices"; passages enclosed in slantlines printed in boldface]

[Text] Official figures probably contributed the clearest picture of a debate: the head of the State Statistical Institute (DIE), while disclosing estimates on national income, stated that when calculated on a dollar basis personal income showed a drop. This was officially declared: personal income dropped in 1982. That is, our countrymen's standard of living regressed, their circumstances worsened. They had less to eat, less to wear, less to drink...This is how the figures in hand translate into Turkish.

The figures disclosed last week by the DIE reveal the interesting facts: in 1981 personal income amounted to 4,730 Turkish liras; in 1982, the same personal income had increased by only 115 Turkish liras and amounted to 4,845 Turkish liras. When calculated in Turkish liras there is an increase even if only of 115 Turkish liras. However, the official figures as published also showed, side by side, the same calculations in dollars. Personal income which amounted to \$1,290 in 1981 drops to \$1,148 in 1982. In the course of its studies on national income the State Statistical Institute calculated the dollar on a basis of 112 Turkish liras for 1981 and on a basis of 164 Turkish liras for 1982.

As a result of the Turkish lira's rapid loss of value with regard to the dollar, personal income too fell in relation to the dollar. That is how those two sets of figures prove how much worse the circumstances of someone living in Turkey have become, in comparison to other countries. They illustrate the proportional impoverishment, through devaluations, of those who live in Turkey. They bring out the fact that goods produced in Turkey are sold cheaply because of devaluation, so cheaply in fact that this results in a drop of personal income. The decline of personal income from \$1,290 to \$1,148 is indeed one of the most explicit illustrations of the repercussions devaluations have had on the nation. For instance, if a farmer produced 1 ton of wheat in 1981 and exported it, he would have been able to acquire a tractor against the value of that wheat. Whereas if he exported 1 ton of wheat in 1982, he would be unable to buy the 4 wheels of the hypothetical tractor. For the same quantity of wheat he would be able to purchase only a tractor without wheels. This is what calculating personal income on a dollar basis means. A regression of circumstances, of the

standard of living, in comparison to other countries.

This is the conclusion one reaches as a result of calculating the dollar on a basis of 112 and 164 Turkish liras. Moreover, if we carry the same calculations a little further, the results obtained are still more striking. For instance, on the 24th of January 1980 1 dollar was worth 47 Turkish liras. Today it is worth over 200 Turkish liras. The Turkish lira has been multiplied almost by 5. It has lost value. Which means that Turkish citizen's income, his circumstances, have suffered a proportional loss. This is probably what /"the nation's sacrifices"/ mentioned in speeches mean when translated into figures...

It is fitting to insert a parenthesis at this point. It might be worth asking how are the /"nation's sacrifices"/ shared?..

The solution to this problem can also be found in the figures of the DIE. In their statement it is said that /"It is estimated that there will be a 26.5 percent increase in the agricultural sector and a 39 percent increase in the industrial sector, in relation to current prices."/ In other words the price of industrial products has risen faster than that of agricultural ones. That is, the farmer has sold his goods cheaper than the manufacturer. And because he had a smaller share, his personal income also fell much lower. And when computed in dollars, it appears that the farmer's /"sacrifices"/ were much greater...

Only the state's official figures could have depicted so eloquently the /"nation's sacrifices"/ from the 24th of January to this day!

12278

CSO: 3554/234

KAFAOGLU, BANK MANAGERS REVIEW BANKING LAWS

Istanbul CUMHURIYET in Turkish 5 Apr 83 p 12

[Text] ANKARA (CUMHURIYET BUREAU) - Bank managers and the minister of finance will meet in Ankara for an exchange of views.

In the course of the preparations for the Bank Law the Ministry of Finance had already requested the views of banks. After being collected at the Bankers' Union, the views and recommendations of various banks were forwarded to the ministry and were taken into consideration while studies were being carried out. However, the draft bill was shaped according to the inclinations of the Ministry of Finance. At the meeting scheduled for tomorrow, the Ministry of Finance will open the draft bill to debate one last time and it has been learnt, meanwhile, that it was Minister of Finance Adnan Baser Kafaoglu who called this meeting and that during the talks the law will be explained to the bankers for the last time. But the managers' criticisms of the draft will be also heard. It was emphasized that readjustments in the banking system could not be made at the meeting without regard to the banks' views and that the Ministry of Finance's request for opinions was intended to be constructive.

Criticisms of the draft focus on the "increase of pressures on the system." Beyond the fact that the information collected shows that objections to the articles of the bill differ according to the banks' positions, the following criticisms are also listed:

The bill gives too much power to the Ministry of Finance

The limitations put on the distribution of investments

The fact that the Cabinet has the authority to determine interest rates

The additional financial burdens on banks

The other information obtained was that after a careful study of the conclusions reached at the meeting of bank managers and of their criticisms, the bill will be given its final form.

12278

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EXPORT FALL-OFF LINKED TO RESTRICTED CREDIT

Istanbul DUNYA in Turkish 5 Apr 83 pp 1,7

[Text] ANKARA (DUNYA) - It was learned that at the Friday meeting of the Money and Credit Council chaired by Minister of Finance Adnan Baser Kafaoglu opportunities of benefiting from international financing, in order to expand export credits, were discussed.

In view of the restrictions on import credits, resulting from their being extended in proportion to the Central Bank's resources, the Central Bank was given the task of researching opportunities for benefiting from foreign credits. At the Money and Credit Council meeting the fall-off in exports, which was largely due to a lessening of credit opportunities, was also discussed.

In the course of the Council debates it was noted that Turkey's chances of securing credit had increased and that the Agricultural Bank was able to obtain this year a \$200 million pre-financing credit. The view that advantage must be taken of the international market situation gained ground. It was decided that the matter would be taken up in subsequent meetings of the Money and Credit Council, in the light of the research to be carried out by the Central Bank.

In agreement with views previously adopted by the State Planning Organization and the Central Bank administration, the Council was in favor of using pre-financing credits on the basis of internal interest rates and of collecting the difference between foreign credit interest charges and interest rates at home from the "Exchange Risks Fund". Thus the basic principles of a model policy for securing foreign credits which would not be subject to the pressures of Exchange fluctuations and could be of use to exporters, were discussed.

Developments

Credits based on the resources of the Central Bank played an important part in the 61.6 percent rate of increase achieved by exports in 1981. However, when the extension of export credits resulted in [price] rises, credits from the fund set up to stimulate exports were replaced by credits from rediscount sources and this led to a fall-off in exports, particularly during the second half of 1982. Because of these developments, the Central Bank, beginning on January 17, 1983, implemented a resolution which widened the scope of export credits.

The Central Bank's implementation of the resolution initiated on the 17th of January, which took into account the bank council's resources for financing exports, and raised the weekly credit allotments from 5 billion to 10 billion Turkish liras, in an attempt to check fall-offs in the order of 25 percent, did not bring about the expected results during the first three months. The restrictive monetary policies implemented by the Central Bank in its 1982 program, during the first months of the year, in order to relieve the inflationary pressures caused by the issuing of credits made it impossible to extend credit according to the bank council's resolution.

Taking into account the possibility of an increase in negative repercussions on exports, due to an inability to extend more export credits, the subject of creating new credit opportunities based on foreign sources was put on the agenda.

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NEARLY QUARTER OF FOREIGN CAPITAL RECEIPT FOR AGRICULTURE

Istanbul DUNYA in Turkish 5 Apr 83 pp 1,7

[Text] ANKARA (DUNYA) - Together with the progress resulting from the 24th of January resolutions, a tendency has become apparent for foreign capital ventures to expand primarily in the direction of agriculture and branches of industry related to agriculture.

Out of the \$601.5 million of foreign capital invested in Turkey during the last three years, \$141.0 million, representing 23.4 percent of the total amount, was channelled into agriculture and branches of industry processing raw materials of agricultural origin. The electricity and electronics industry and the banking sector came after the branches of industry related to agriculture. A total of \$141 million of foreign capital introduced during the period 1980 to 1982 was invested mainly in branches of industry related to agriculture with \$64.1 million going to the food sector, \$48.6 to the textile and clothing industries, \$14.5 million to the paper industry, \$11.3 million to forestry products and \$2.5 directly to the agricultural sector. Furthermore, permission was granted for foreign capital investments in the nation to the value of \$79.2 million in the electricity and electronics industry, \$61 million in the banking sector, and \$60.5 in tourism.

The attempt to liquidate unguaranteed business debts played a part in the increase of foreign capital allowed into Turkey during the past three years. \$423.7 million, which constitute 70.4 percent of the \$601.5 million of foreign capital brought in, benefited from the decrees on the liquidation of unguaranteed business debts.

Sectors Preferred by Foreign Capital

The basic reasons for nearly one fourth of the foreign capital allowed into the country during the past three years being concentrated on branches of industry related to agriculture are perceived as being the quick returns on such investments and Turkey's high capacity to supply raw materials. It is emphasized that additional provisions will make it possible to bring more foreign capital to sectors of industry related to agriculture which have high profit margins and are in high demand both at home and abroad.

Competent authorities draw attention to the fact that establishing branches of industry based on sources of agricultural raw materials constituted the focal point of the investments made in Turkey, which had increased in the last months and note that if Turkey's advantage of being close to markets is used properly the chances for exports will continue to increase.

12278

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INFRASTRUCTURAL PROBLEMS KEY TO STUNTED IZMIR GROWTH

Istanbul DUNYA (Supl) in Turkish 31 Mar 83 p 1

[Article by Salim Kadibesegil, public relations expert for the Aegean Regional Chamber of Industry]

[Text] We are witnessing the fact that, as is happening in the rest of our country, we are not fully utilizing the potential of Izmir and vicinity in regards to agricultural production, tourism, industrial production, labor force, resource distribution and underground deposits.

To realize this, we only need to consider that the Aegean region's share in the country's established industrial capacity amounts to 15%, and Izmir's to 10%.

What is the industrial frame-work of Izmir and its hinterland?

The economic emphasis of the region belongs clearly to the fields of agricultural foodstuff and textiles. But, the Aegean region further boasts of important and solid foundations in areas such as acreage, metallurgy, automotive, chemical, electricity, machine production and mining.

The basic reason why industrialization has not reached desired proportions in this the third largest population center in Turkey is surely the lack of an infrastructure, just as in the rest of the country.

The infrastructural inadequacy has become very evident in the last few years, particularly since our export offensive.

For a brief outline of this very copious subject, we can list the main factors preventing industrialization of the area in the following order:

Haphazard establishment of industrial plants, insufficient power supplies, outdated rail, port and airway facilities which do not meet current needs, insufficient numbers of qualified workers (training), etc.

Of course, when we discuss economic problems of Izmir and vicinity, we cannot isolate them from problems effecting the rest of the country. Put another way, we cannot expect Izmir to face economic problems all alone.

Moreover, topics on the economic agenda of Izmir today, in this early part of the

1980's, will effect to a great measure the economic structure of the region and the country towards the 1990's. We could call the items at the top of the agenda "Izmir's Expectations."

What are these expectations?

Let us first give an outline:

- 1) An end to free zone discussions and a firm commitment to create a free zone in the Izmir region as soon as possible.
- 2) Continuation of work to complete the Izmir Ataturk Organized Industrial Region, founded during the past year.
- 3) Resumption of meetings this year with American agricultural experts who came to Izmir last year for important discussions.

These three items are truly significant not only for Izmir, but for the economy of the whole country.

Regarding the time-frame, the following guess could be put forward:

According to experts, if a decision is made today to create a free zone, it is estimated that work on the infrastructure will take 4-5 years.

On the other hand, the completion date for plants in the Izmir Ataturk Organized Industrial Region where work on the infrastructure is currently in progress, has also been set for the end of 1987. Thus the completion date of the region that will contain 306 factories and employ 50,000 and the on-set of the free zone will just about coincide.

Discussions were held in October regarding agricultural cooperation with the United States, acknowledged worldwide as leading in agricultural technology. There are proposals for concrete projects in this field on the agenda at the up-coming meeting in New York in June of 1983. After the meeting, investors from the United States will come to our country during the year to complete studies regarding investments. There is little likelihood that concrete results due to such cooperation can be obtained in less than 4 years. This means that the timing of the actual establishment of a working cooperation coincides with the start of the free zone and the beginning of the production stage at the Izmir Ataturk Organized Industrial Region.

Examining the subject in its broadest context, we are confronted with the following picture:

- a) Increased agricultural output resulting from agricultural practices developed with American technological know-how and expansion of agriculture-based industry.
- b) Economic potential of the Izmir Ataturk Organized Industrial Region.
- c) Increased economic potential due to free zone implementation and accompanying implications regarding distribution to world markets.

The area effected by these economic developments will, of course, not be limited to Izmir and/or the Aegean region. These developments will have a direct bearing on recovery efforts taking place all over our country.

As to the limits of the process of our country's opening up to the outside-- to insure their easing up and broadening, items of this type on the agenda must be considered in context, together with all others.

To sum up, we want to express our view that in the decision-making process of our economy, it is important and of value to consider a wider perspective which includes "circles of expectations" and counts on achieving concrete results from work based on expectations, instead of relying solely on concrete economic developments.

12203

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GREEN PARTY ACCUSED OF TOTALITARIAN TENDENCIES

Paris LE FIGARO MAGAZINE in French 19 Feb 83 pp 90-93

[Article by Jacques Bonomo]

[Text] Behind an "ecologist-pacifist" exterior, a totalitarian movement is on the march in the FRG. Jean-Paul Picaper, a former teacher in West Berlin and now a reporter for LE FIGARO, has described the movement's irresistible progress in a shocking book* that has documentary value.

In February 1982 on the site where a new runway for the Frankfurt Airport was to be built, 1,000 very youthful demonstrators, armed with lengths of pipe and axes and throwing Molotov cocktails, got into hand-to-hand combat with the police. The result: 140 injured. It was possible to prove that the German Communist Party (DKP) had financed the operation.

The German "shock" ecologists who were among the 25,000 demonstrators in Creys-Malville on 1 July 1977 (1 dead, 100 injured) belonged to two "Maoist" groups and a third group of "revolutionary communists." The latter participated in all the antinuclear demonstrations in the FRG--whether nonviolent, as in Wyhl, or violent, as in Brokdorf, Grohnde, and Kaldar--as well as in the street battles in Frankfurt in March and May 1974, in Heidelberg in June 1975, and again in Frankfurt in June 1978. The organizers of the demonstration in Creys-Malville were pro-Soviet. They were struggling to place France's energy balance at the mercy of the Siberian gas pipeline. The tracts distributed in the FRG by the Malville committee declared that the "Super Phenix breeder reactor" was being financed in part by those who had financed the National Socialist rise to power 30 years ago. Another tract from the same source suggested a parallel with Hiroshima. This happened in 1977.

Is history repeating itself? Is it simply a coincidence? By the time you read these lines, the Greens--the mild ecologists across the Rhine--will be holding a session of their "people's tribunal" in Nuremberg. The defendants: "the supporters of nuclear power--the harbingers of new Auschwitzes and new Hiroshimas." That was the theme of an article published in the Soviet LITERATURNAYA GAZETA

* Jean-Paul Picaper, "Vers le IV^e Reich" [Toward the Fourth Reich], La Table Ronde, 270 pp.

on 1 December 1982 under the headline "The Cannibal Says: Love the Bomb." The cannibal in this instance was Prof Edward Teller, President Reagan's scientific adviser.

Could it be that the FRG is color-blind? Those Greens seem to lean strangely toward Red. Let us examine some pedigrees.

The Greens in Hamburg (GAL) stem from the Maoist-revolutionary Communist Federation (KB), which first called itself the "Z Group." The head of the Z Group was Thomas Ebermann. He is currently spokesman (a chairman of sorts) for the Greens in Hamburg's Parliament. In an "internal strategic paper" for the KB, Ebermann wrote in 1978: "Every tactical action must be subordinated to our goal, which is to bring down the bourgeois state."

Juergen Reents, the GAL's press chief, also comes from the Z Group-KB, as do three of Hamburg's Green deputies: Bettina Hoeltje, Angelika Birk, and Ulla Jelpke. As for Hamburg's Green Deputy Udo Hergenroeder, he is a former member of the DKP, the pro-Soviet German Communist Party.

At least half of West Berlin's Alternative List (AL) derives from the revolutionary communist party (KPD-KSV) and from tiny communist groups. Four Green deputies--Henn Kraetsch, Gretl Grimm, Konrad Reinhart, and Bettina Jantzen--are from the German Communist Party.

The Green deputies elected to Wiesbaden's Parliament are also well-known Communists: Dirk Treber, cofounder of the consciencious objectors' federation, was regional secretary of the Federation of Young Communists and an official in the revolutionary communist party; Jan Kuhnert, an associate of the "Socialist Bureau" (communist), helped to draft the Green platform; Jochen Vielhauer, a political economist and sociologist, had been a member of the "red cell" at Frankfurt University since 1968 and was a member of the Frankfurt revolutionary communist federation (KBW), where he was responsible for training young people.

By providing an abundance of facts and proofs of this kind in his book "Toward the Fourth Reich" (published by La Table Ronde), Jean-Paul Picaper is aware of committing the crime of outrage against the Left.

"I am breaking a taboo by saying and demonstrating that the true heirs of the Nazis are not the shoddy fledgling Nazis--the few nostalgic individuals devoid of politics and brains whom we often see in the leftwing German magazines DER SPIEGEL and STERN wearing uniforms picked up at the flea market--but the powerful extreme left with its many intellectuals, hidden behind the smokescreen of ecology and pacifism, humanitarianism, and progressivism. I show the ideological resemblances, the only difference being that the Nazis made a cult of beauty--at least their idea of it--whereas the neototalitarians, both "green" and "red," cultivate ugliness, although that may change. There is also an identity of goals: collectivist, authoritarian, and nationalistic. Even if those goals are still unavowed are too shameful to mention, they can easily be deciphered.

"I am committing a second sacrilege: I am asserting that the SPD (Vogel's and Brandt's Social Democratic Party) is strongly contaminated by that new ideology.

This is so not only for electoral reasons--with the intention of pulling the rug out from under the Greens. It involves a much more lasting and profound phenomenon. It involves a new 'German ideology' which, unfortunately, is in the process of becoming European."

The polls show that the Greens are losing steam in their race for the Bundestag. But in Picaper's opinion, this does not mean that the profound danger has been conjured away. If the Greens do not enter the Bundestag on 6 March, it will only slow down their "long march." Their regional power is in fact considerable. The FRG is not a centralized state.

The Greens represent a gigantic electoral publicity hoax that is exploiting tens of thousands of young people who have been won over to pacifist and ecological ideals. They cooperate closely with the German Pacifist Association-Associated Conscientious Objectors (DFG-VK), which was classified in 1974 as being one of the organizations close to the German Communist Party. One of the Green leaders who comes from that organization--Roland Vogt--was received with a whole group of their leaders last year by Colonel Qadhdhafi. It is not surprising that the Greens are showing less and less interest in ecology and turning toward pro-Soviet neutralism. And unfortunately, the nationalist-neutralist accents being detected in speeches by Vogel, the Socialist candidate for chancellor, sound like their echo.

Picaper says: "Just imagine: my book has been banned at the Goethe Institute in Lille, not because it does not tell the truth, but 'for moral reasons.' As the German (anarchocommunist) singer Wolf Bierman said, 'truth can be immoral when it undermines socialist hope.' In that case, it is being proclaimed that the truth lies. The situation in the Goethe Institutes, for which the name of the great writer serves as an alibi for a very pronounced leftist orientation (they recently financed a lecture tour of South America by ecologist leader Jo Leinen, who has just stood trial for inciting to violence), is the same as that in the Inter Naciones information bureau, which is close to the former Bonn government.

"I was able to realize the truly messianic intolerance of those people when I tried to present my book in a bookstore in Lille. Backed up by local Marxist German scholars, they turned the meeting into a people's tribunal that would have degenerated into an auto-da-fe for my book if they had had matches. Just as in Berlin in May 1933."

Can history repeat itself?

Yes, but with different actors and under new labels that may be just the opposite of the old ones.

Picaper adds:

"The title of my book and the comparison I make between Nazism and leftism are intended to draw attention to three aspects of the problem: 1) the extent of the reversal which is being prepared for us--'subversion' in the etymological sense--will not become evident until everything has toppled over, by which time

it will be too late; 2) the ground swell is striking the skiff 'Europa' this time not on the starboard side, as in 1933-1940, but on the port--the left side; 3) it is necessary to stop looking back so much and suffering so much from historical traumas and to begin looking more toward the future by learning the lessons of history. Nazism had its day in Germany, but its methods and those that established Stalinism in the GDR from 1946 to 1952 have not been forgotten.

"I still recall demonstrations and assaults on teachers who often did not understand what was happening to them during that cultural--or rather, anticultural--revolution. The same zealots also tried to win me over and corrupt me as they did the others. In the beginning, stirred by the noble ideas of all those young university students, I could not bring myself to see them as totalitarian. Only later did I realize that the arm of the GDR and the Soviet Union was very long and that it was manipulating that entire revolutionary nebula. Because I could not bring myself to admit it. Proof after proof was required: Europe is small and penetrated on all sides. West Berlin was and remains both a lock gate between East and West and a crucible of revolutionary experiments for the reasons I am describing. Chance willed that I should be first a curious witness, then a participant despite myself, and finally a committed observer at the epicenter of the phenomenon. Actually, the Soviets, still very traditionalist but with a steadily improving style, have done no more than apply Lenin's phrase: 'Whoever holds Berlin holds Germany, and whoever holds Germany holds Europe.'"

Europe's Colonization

According to Picaper, terrorism was an episode. Instead of physical liquidation, the revolutionaries are resorting more to bureaucratic liquidation, which is no less effective and has the advantage of not being covered by the penal code. And it also fits in better with the propaganda of a system which has made progress in subtlety since the days of Stalinism (and the Gestapo). As soon as someone realizes what is going on and starts calling a spade a spade, an effort is made to muzzle him. He will be prevented from writing and speaking, if necessary by force--by shouting louder than he does. He will not be able to make himself heard. The system discourages his potential readers by discrediting him. In particular, it becomes a question of replacing him with a sympathizer of the "movement" or, better yet, with someone who has not the slightest idea what is going on and can be manipulated.

Camus said that there are some revolutions which aspire to freedom and others which aspire to slavery. This one aspires to slavery. This revolution of fools led by a few skillful individuals whom we must be careful not to underestimate is dangerous only in terms of the law of numbers--because there are a lot of fools, and present-day education is increasing their number--and by virtue of the Soviet and East German aid it obtains. In their day, the Nazis did not enjoy external support--with the possible exception of the Great Depression. That is also a difference between the Third and the Fourth Reich. The latter is preparing for Europe's colonization by Soviet Russia. It is a Reich of serfs, not of masters, that is emerging. It can be combated only by untiringly informing adult citizens, making things clear, and enlightening people's minds.

11798

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EASTER PEACE MARCHES SEEN RUN BY COMMUNISTS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 26 Mar 83 p 4

[Article by ban.: "Largely Controlled by Communists"--The Federal Ministry of Interior Comments on the Easter Peace Marches"]

[Text] 25 Mar--Next week's "Easter marches," which are mainly directed at the Nato dual decision, are largely controlled by communists loyal to Moscow, according to the Federal Ministry of Interior. In a speech before the Hilstrup police academy of management, Parliamentary Under Secretary Spranger, CSU, stated that "they develop, initiate and control actions like the Krefeld appeal and the Easter marches" aimed at the unilateral renunciation of medium-range nuclear missiles by the Western world. Actually, the motto of the Easter marches initially refers to the call for the prevention of "missilesdeployment", i.e., U.S. missile systems. At the same time general disarmament measures to be taken by the Warsaw Pact and the West are called for, the motto being, "1983--prevent missile deployment, against armament and the reduction of the social welfare state, for disarmament in East and West." As in the past year, attempts by independents of the "peace movement" to condemn Moscow's Poland politics and its armament were futile. Responding to such demands, it was stated that the "peace movement" must not be split up by individual groups entering their own positions, which are not supported by others. This "minimum consensus," the prevention of deployment of U.S. medium-range missiles in the FRG, however, does correspond to the position of the DKP.

A large number of political and church groups are calling for participation in approximately 90 Easter marches, which are being planned on a regional level, including unions in an increasing number. Appeals to participate are also made by several of the Land party associations of the Greens and by the SPD district of South Hesse, whose board member Wieczorek-Zeul, also a member of the European Parliament, said recently that an election victory by the CDU/CSU union could not be construed as the green light for the deployment. The sponsors of the Easter marches expect some 500,000 participants.

In an analysis the Federal Ministry of Interior concludes that organizations under the influence of the DKP have been instrumental in planning and preparing the Easter marches, including the German Peace Union (DFU), the "Committee for Disarmament and Cooperation" (Kofaz), and the "German Peace Association--United Objectors" (FDG-VK). Within this organization, however, a wing has gained momentum recently which objects to a pure Moscow course, representing a "block-transcending" neutralistic position, as other independent groups of the peace movement. The Ministry of Interior therefore concludes that the DFG-VK acts as a "hinge" between the different currents of the "peace movement." Another indication for the DKP's steering influence is seen in the fact that the regional contact addresses for the Easter marches are all connected with the Moscow wing of the "peace movement." The Interior Ministry stated that most of the addresses are at the same time the addresses of the DFU offices on the Laender level; this also applies to the "central" Frankfurt Easter march office. It is, of course, stated that this does not necessarily mean that every respective Easter event is masterminded by the DKP. It was said, however, that the identity of the aims is an important factor.

The security agencies are concerned about plans to stage a large number of so-called "direct nonviolent actions" around the Easter marches, including blockade actions in front of U.S. military posts, for instance. The term of nonviolence is disputed among those who advocate such actions. Some define it verbatim, others say that such actions "can no longer always" be conducted "legally," and yet others talk about having to look for a "direct confrontation" and demand that "the protest become resistance." An appeal by individual Land party associations of the Greens and of the "Federal Association of Citizens' Initiatives on Environmental Protection" (BBU) states that the aim is to disturb the "smooth operation of nuclear arms depots." Examples like "impairing military traffic to the depots by means of blockades by persons or objects over several days" are quoted.

In February a convention of DKP-independent groups (Greens, BBU, Federal Association of Autonomous Peace Groups) had failed because of the "nonviolence" issue. There is no doubt, however, that these groups support the Easter marches as well. It was stated that recently DKP-influenced organizations started to support such forms of "resistance" in order not to lose touch to these groups, after long years of DKP pursuit of strict order.

A "coordinating body," which would prepare the actions of the "peace movement" beyond the Easter marches, was not constituted in February. However, a more informal preparatory body called the "breakfast round" has been in existence for quite some time. Representatives of the Greens, of the Action Expiation and of other church groups, of the BBU and the "Women for Peace" meet regularly. Representatives of DKP-oriented groups, however, (of the "Kofaz spectrum," to use the colloquial term) do not participate in these meetings. Yet there are connections via the BBU, for instance.

All participants view the Easter marches as an introduction to the "1983 missile year." In February the BBU, the Action Expiation and the DFG-VK introduced a "plan for action." Several groups recently called for a peace campaign at the June conference of the churches in Hanover, whose motto will be the "return to life--the time has come for a No without any yes to mass destruction arms." According to these plans, violet cloths are to be used--being the "old color of the church signifying repentance and change"--at a 5-day "permanent demonstration" culminating in the concluding event of the churches conference at the Niedersachsen stadium. The appeal refers to the "nonviolence lived by Jesus" and to the "peace issue--an issue of confession." In the course of the summer, so-called peace camps are scheduled which, according to the Greens, will be largely organized by the Moscow wing of the "peace movement." Furthermore, corresponding events on the occasion of the "antiwar day" (September 1), the U.N. disarmament weeks and the anniversary of the Nato on December 12 are to be expected.

9544

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SMALL LEFTIST PARTIES TRY TO USE ECOLOGICAL ISSUES

Rotterdam NRC HANDELSBLAD in Dutch 19 Mar 83 p 7

[Article by political commentator Marc Chavannes: "Gentle Green--New Hope for the Minor Left?"]

[Text] Minor leftist parties hate (to put it as the smurf does) to be described as the Minor Left. It is true that that label, often used for practical reasons, expresses ideological purity, but above all, it expresses irrelevance. And minor leftist parties are also continuously struggling to escape from that fate. Two developments have been determining the picture here recently: the feminization of these parties and a possible consolidation of forces under a green flag. In a word: gentle green beckons.

The PPR (Radical Political Party) sent out an SOS this week that apparently scorns both of these lifebuoys. Things are not going well for the PPR, but it wants to remain independent and is in fact placing all its bets on cooperation among the left; it is not preaching feminization, but has already had a woman parliamentary-group chairman for a long time. And it does not want to stake everything on the green card, even if it is its only successful previous leader, Bas de Gaaij Fortman, who would like to bring about a Dutch version of foreign green successes.

Internal conflict among leftist parties seems to be a sort of permanent exercise for the real conflict. It is all too easy to act cheerful about that, but perhaps it is justified not to completely overlook the tragi-comical aspect of this.

What's more, the steeled cadres of the CPN (Communist Party of the Netherlands) did not find it funny at all when the "letter-box proletariat", also known as the "knitted cadres", took power at last fall's congress. That the leadership of the party and the parliamentary group is now in the hands of women is but a pale reflection of how much has changed in the CPN, which is no longer sailing Moscow's course.

The choice between feminism and spending power was too much for many veteran communists, but they also had to accept that the party's cold-war past was discussed in public. Marcus Bakker, just recently feted with much respect as a parliamentary Nestor, had to gnash his teeth and see his CPN turned

into a gentle movement. According to PvdA (Labor Party) leader Den Uyl, the party no longer merited the title communist--which is no reason, incidentally, for him to pursue cooperation between his party and the CPN.

In the PSP (Pacifist Socialist Party), the ban-the-bomb-symbol turned political party of the 1950's, there was some rough settling of accounts with "the system of heterosexuality" three weeks ago. Not that the system of reproduction was immediately effected in a different manner, but rather that the struggle of the women, followed at some distance by that of the pacifist homosexuals, to do away with the structural inequality within the party was a harsh blow. Party chairman Van der Lek discovered with bewilderment that he and the rest of the executive board were portrayed as "a den of inveterate sexists," against which the congress had been forced to lead a crusade.

By acclamation and without discussion, the PSP lined up behind the demand of women on public assistance who want 400 additional guilders per month--and in view of the coupling with the minimum wage, that would undoubtedly cost several hundred million.

The majority that the CDA (Christian Democratic Appeal) and VVD (People's Party for Freedom and Democracy) secured at the latest parliamentary elections has once again forced the leftist parties to see the reality that without a leftist majority, they will not be able to press ahead with their own particular programs. The party executive boards of the PvdA, CPN, PSP, PPR, and EVP (the peace-boutique from the Christian political corner) came out with a loud statement against the social and economic policy of the Lubbers Cabinet in mid-December. For those involved, that simple fact is already seen as significant for the Leftist movement.

Most of the leftist parties have reacted extremely negatively to Bas de Gaaij Fortman's initiative to set up a Green Party of the Netherlands. They do want to cooperate, but above all, they do not want to lose their own profile, and surely do not want to disappear behind a green mask of the political individualist from Ermelo. Moreover, they are chary of the ecological concern of Vierling (the right-hand man of center-party MP Janmaat).

In the wake of the spectacular rise of the Greens in the Federal Republic, there is in fact a certain temptation on the part of the minor-left politicians in the Netherlands, who have turned to introspection with a considerable degree of desperation, to try to peck at that green success too. In Germany, Green means: anti-nuclear-weapons, anti-nuclear-energy, the squatters movement, and anti-establishment. "We are an anti-party party," says Petra Kelly. As a female leader of the Greens, she has already exposed a certain male chauvinism within her own movement that reminds one of the resistance against the "white, well-off, heterosexual male culture", against which CPN MP Evelien Eshuis is fighting.

There is kinship enough between the minor left in the Netherlands and the Greens in Germany, but the minor left shies away from the comparison. In the first place, the former are running behind the latter: we have already had

an ecology-minded, radical peace movement that rejects the existing economic order for a long time here--so they argue. And furthermore, there is a slight tinge of brown in the German Green: "If a new Hitler should arise, then it would more likely be among the Greens than within the CDU," said Louis Ferron last year, and who would still have any appetite for that?

PvdA party chairman Max van den Berg has sensed the green danger in fact, and has called for a Green Deliberation, and a consultation among progressive parties and ecology movements in order to provide the ever more threatened environment with a stronger base of public support. Such a deliberation, in which D'66 (Democrats '66) also wants to take part, is not the same as the Green Platform that Bas de Gaaij Fortman and associates now want to form, after they just dropped their plans for a green party.

This is confusing skirmishing, as is usually the case with noble motives and somewhat less cordial party-political secondary motives. Thus the reaction of the PPR leadership to the recent green appeal of their own Bas can certainly be called disappointing. Everyone is calling for cooperation, but it is probably only the European Parliamentary elections of 1984 with their high electoral threshold (4 percent) that will induce any genuine cooperation.

Therefore it seems justifiable to predict for the near future that despite all the feminization and progressive and green consultations and deliberations, the left portion of the political pie in the Netherlands will not be radically altered from the present distribution.

The Van den Berg and Den Uyl forces of the PvdA will continue to hope for better times to govern. The CPN, PSP, PPR, and probably the EVP remain small Left witnesses to their specific variants of a better world, at the same time marching together in municipal councils and at the Euro-elections--but then only out of pure necessity. And D'66 is still just searching around for itself, in a European context, together with the radicals from other countries who are already somewhat more experienced in this.

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CSO: 3614/79

OVERVIEW OF ELECTORAL BATTLE FOR MUNICIPALITIES

Madrid ABC in Spanish 24 Mar 83 pp 20-21

[Text] Madrid--The PSOE [Spanish Socialist Workers Party]-AP [Popular Alliance] electoral battle that is expected to be hard fought throughout the entire country has special connotations in Castilla-Leon and Castilla-La Mancha, because in these autonomous communities, wherein the right-center has always been very strong, the electorate has undergone a shift toward the left, having given the Socialist option sponsored by PSOE majority support in the elections of 28-0. In the local elections on 8 October of this year, it will have to be confirmed whether that backing from the Castilian electorate for a leftist option is based on essential reasons, or reasons of identification with the Socialist program or if, on the contrary, the shift to the left has been due to merely short-term reasons.

The confrontation between PSOE and the right-center coalition, AP-PDP [Popular Democratic Party]-UL [Liberal Union], will unquestionably be very severe in these areas and, from all indications, the only electoral confrontation that will occur on the party level. With the UCD [Democratic Center Union] center dismantled (and confined to independent options that nevertheless will have a certain amount of entrenchment in certain localities and provinces, such as Leon), the AP-PDP-UL coalition appears as a force to agglutinate the conservative and center electorate, which will noticeably accentuate the bipartisanship in the area. In fact, AP-PDP-UL and the Socialist Party are the only groups that will be running candidates in 100 percent of the municipalities in the two communities.

With 38 days left before the elections are held, the parties running in these elections are still in a preliminary phase of preparing lists and candidacies, which have not yet taken official, definitive shape in many of the two regions' provinces. The devising of these lists has perhaps been easier for PSOE, which on most occasions has opted for the system of repeating a candidate with the individuals who have been holding the top-ranking post in the town halls during these past 4 years. More problems have been encountered by the AP-PDP-UL coalition, which has finally had to give up the idea of forming a coalition with the provincial remains of UCD, and to solve other problems of an internal nature in the coalition, such as the surmounting of dissent in many localities, brought about by the inclusion of members of the Popular Democratic Party among the candidacies.

Castilla-La Mancha

This type of problem had to be surmounted by the coalition, specifically, in Guadalajara, where there had been detected a certain amount of rejection on the part of

the alliance rank and file for the almost complete integration of the centrists into Oscar Alzaga's party, which brought about the resignation of the manager of PDP and that of the AP Committee in Sigüenza.

In this province, PSOE has opted to keep at the head of the list the present mayor, Francisco Javier de Irizar, perhaps to show that whereas, during this legislature, he occupied the mayor's office through a fluke, when UCD introduced its candidate late, in the next one he wants to be elected on his own merits. Running for mayor representing the right-center coalition, once the initial problems have been surmounted, will be Luis Rojo Villa, former centrist governor of Teruel and La Rioja.

PDL [Liberal Democratic Party], in turn, will cover with its candidacies nearly 70 percent of the provincial census. It is claimed in the capital that they intend to run Jose Jodar or Gabriel Lebric for mayor.

Ciudad Real: the Independents Are Causing Concern

Insofar as Ciudad Real is concerned, the AP-PDP electoral coalition has been the first to introduce publicly its candidates for the municipal elections. Lorenzo Selas, the present mayor of Ciudad Real, will attempt to be reelected on this coalition's lists. A cause for concern among the right-center forces is the announced participation in the elections by an independent group from Ciudad Real, comprised of former UCD members.

As for the left, two instructors from the University College will head the PSOE and PCE [Spanish Communist Party] lists in the province's capital. They are Jose Maria Barrera, representing the Socialists, and Elena Gonzalez Cardenas, representing the Communists.

Albacete: Only PSOE and PCE

In Albacete, only two lists have been offered: that of PSOE and and of PCE. The Socialist one is headed by the Albacete resident, Jose Jerez, a technician in the Provincial Chamber of Deputies; and the PCE's, by the physician, Pedro Bolivar. As for AP, there is not yet any official candidate; and the same thing applies to CDS [Social Democratic Center Party], which is apparently encountering problems in finding the number one person for this list. Appearing this year for the first time are the so-called regionalists, headed by Maximo Crespo, who will introduce his candidacy in Albacete.

Castilla-Leon: Problems With the Lists

In Castilla-Leon, also, there are still serious problems in the various parties' final formation of the municipal lists. At the moment, the number, identification and features of the parties' candidates in the various provinces are known only partially and unofficially.

In Leon, now that the possibility that the center and Popular Alliance might arrive at electoral unity has been precluded, the centrists appear to have decided on the option to run as independents, backed by the good management of the present mayor, Juan Morano Basa.

The right is still without a satisfactory candidate, and yet the person who was offered the top-ranking post, a young engineer, declined the offer which, for the time being, remains unresolved.

PSOE, for its part, is involved in an internal struggle with unknown repercussions, inasmuch as the candidate democratically elected for the mayor's office, councilman Maximino Barthe, is being attacked by the Executive Committee, which wants to replace him with the former Socialist mayor, Gregorio Perez de Lara, who is showing signs of winning the game in Madrid.

Valladolid: PSOE Repeats

In Valladolid, Tomas Rodriguez Bolanos, the current Socialist mayor, will repeat his place at the head of his party's list in an attempt to retain the Valladolid mayor's office; although there is speculation in political circles over the possibility that, if he is elected, he may resign to take charge of the government delegation with the Autonomous Community of Castilla-Leon, leaving the post to former Jesuit Manuel Gonzalez.

In view of this prospect, the AP-PDP-UL coalition list, leaked to the media and headed by Mariano Garcia Abril, might undergo major changes, with the inclusion of urban development technicians, in order to oversee and expose the action taken by the present municipal team, which has been heavily criticized.

There had been speculation regarding the possibility that the liberal-conservative coalition might introduce five candidacies; however, the difficulty in finding 29 names proved to be too great. Therefore, Garrigues' liberals appear to have ceased their attempt, and the former UCD members who were trying to form a centrist electoral coalition have joined the CDS lists, headed by spokesman Jose Maria Aza.

Salamanca: Good Prospects for the Liberal-Conservatives

In Salamanca, a poll has just been published indicating that the mayor's office will change hands and be occupied by the liberal-conservative coalition's candidate. This item of information has forced AP-PDP-UL to reconsider all its criteria for devising a list; and for this reason it is not known at present who will be on it. Nevertheless, political circles are cognizant of what might be regarded as a robot description with which a university professor, a businessman and a physician are associated. All three are quite well known in the town of Tormes.

The Socialists, however, are quite decided upon their candidacy, which will be headed by the present mayor, Jesus Malaga Guerrero, whose multiple employment has been criticized.

The Communist candidate, Jose Nunez Larrar, is currently a councilman who, in his capacity as a businessman, manages a book store. There do not appear to be any chances of independent lists, and hence the gamut of municipal candidacies is terminated with that of Enrique de la Mora's agrarian bloc, which, based on right wing principles, is seeking to obtain the votes of the regionalist-agricultural population.

Palencia and Burgos: Haste and Secrecy

In Palencia, the politicians have proven to be early birds in the area when it is time to make their municipal candidates known publicly. Representing the AP-PDP-UL coalition, there is being introduced the present mayor who, in 1979, in an independent position, headed the UCD candidacy. Agronomical engineer Francisco Jambrina was head of the Rural Land Board of Trustees, and his administration is being judged very well by the Palencia population.

The Socialists are also repeating, running the present deputy mayor, who already headed the list in the last elections. Miguel Valverde is a banking employee, and has served in the post of his group's spokesman in the town council. The same repetitive position is noted in the Communist Party, wherein the list will be headed by councilman Antonio Herreros.

In Burgos, complete secrecy is being maintained about the composition of the election lists. No party has yet made a public announcement of its candidates, although it has been learned that the AP-PDP-UL candidate will be the present mayor, Jose Maria Pena San Martin, formerly of UCD, who joined Fraga's party some time ago. This list contains a large number of avowed liberals, but the bulk of those who will be candidates for town council posts representing the various parties are not known. However, the possibility that the independents of Jose Maria Codon, promoter of the Board for Burgos to Head Castilla, will not offer a candidacy, has been precluded.

Segovia: Many Options

In Segovia, the AP-PDP-UL coalition will be headed by Emilio Zamarriego Monedero, an industrialist who was mayor of Cantalejo, president of the Chamber of Deputies and, recently, UCD senator for Segovia. Running for PSOE will be Miguel Angel Trapero, a Segovian physician who is currently PSOE senator and who has served for some time as deputy mayor of the Segovian city hall. The PDL list will be headed by Felix Ortiz, a very well known industrialist and founder of the Segovian Liberal Club, also holding a position in the party's national executive body. The CDS list will be headed by the present mayor of Segovia, UCD member Jose Antonio Lopez Arranz, whose inclusion has evoked some surprise, and who will be accompanied by some current councilmen. The PCE list will be headed by Luis Penalosa y Susquiza, an independent engineer who attained a councilman's post in the city hall in the previous municipal elections, where he is currently in charge of the traffic.

To be added is the independent candidacy, headed by the well known Segovian architect, Alberto Garcia Gil, who will be accompanied by Segovian professionals and industrialists.

Castilla-Leon - Candidates for the Mayor's Offices

Burgos

AP: Jose Maria Pena San Martin

Independents: Jose Mari Codon

PSOE: Aurelio Marcos

Valladolid

PSOE: Tomas Rodriguez Bolanos
AP-PDP-UL: Mariano Garcia Abril
CDS: Jose Maria Aza
PCE: Javier Puertas

Segovia

PSOE: Miguel Angel Trapero
AP-PDP-UL: Emilio Zamarriego Monedero
PDL: Felix Ortiz
CDS: Jose Antonio Lopez Arranz
PCE: Luis Penolasa
Independents: Alberto Garcia Gil

Palencia

PSOE: Miguel Valverde
AP-PDP-UL: Francisco Jambrina
PCE- Antonio Henares

Salamanca

PSOE: Jesus Malaga
AP-PDP-PDL: still undecided
PCE: Jose Nunez Larrer

Zamora

PSOE: Andres Gil Calvo
AP-PDP-PDL: Luis Cid
PCE: Amable Garcia
CDS: Luis Rodriguez San Leon
PZDL: Carlos Rodriguez
PREPAL: Francisco Iglesias Carreno

Leon

PSOE: Maximino Berteo or Gregorio Perez de Lera
Independents, (UCD): Juan Morano Basa
PCE: Noemi Jimenez Sahagun

Soria

AP-PDP: Miguel Garcia Fuentes
PSOE: Carmelo Yrigoyen Amo

Avila

PSOE: Manuel Bernardo Santamaria
AP-PDP-UL: Jose Luis Poujades
PCE: Serafin Tapia Sanchez
CDS: Pedro Garcia Burguillo

Castilla-La Mancha - Candidates for the Mayor's Offices

Guadalajara

PSOE: Francisco Javier Irizar
AP-PDP-UL: Luis Rojo Villa
PDL: Jose Jodar or Gabriel Lebric
PCE: Ignacio Bagona
CDS: Luis Suarez Puga

Ciudad Real

PSOE: Jose Maria Barrera
AP-PDP: Lorenzo Salas
PCE: Elena Gonzalez Cardenas

Albacete

PSOE: Jose Jerez
PCE: Pedro Bolivar
Regionalists: Maximo Crespo

Cuenca

PSOE: Jaime Jimenez Saiz
AP-PDP-UL: Jose Ignacio Navarrete

2909

CSO: 3548/311

PSOE FOCUSING CAMPAIGN PLATFORM FOR MUNICIPALS

Madrid EL PAIS in Spanish 30 Mar 83 pp 14,19

[Text] Today in Madrid, the Spanish Socialist Workers Party (PSOE) is introducing the program with which it will be running in the forthcoming municipal and autonomous elections. The text, which will be distributed to reporters, and to which EL PAIS has had access, consists of several chapters, some summaries of what has been accomplished during the past 4 years, and others a forecast of the administration for the future. According to the official in charge of municipal policy, Luis Fajardo, PSOE will submit as its asset for past years the nearly total solution to the infrastructural problems, which were the most pressing ones found when it took over municipal control, and will announce that, henceforth, PSOE may be able to devote itself to dealing with the citizens' social and cultural needs.

Today, PSOE is starting the preliminary election campaign by introducing the program with which it will run in the municipal and autonomous elections of 8 May. Of the 76-page content of the program, perhaps the most noteworthy aspect is the idea of "intensifying the change," based upon an assessment that it depicts as positive: fulfillment of the plans for basic infrastructure in nearly all the cities and towns in which it has controlled the municipalities; administrative reform to democratize the municipal councils; and the clearing up of debts (although it does not mention the 100 billion pesetas that Minister Tomas de la Quadra promised to appropriate from the General State Budgets to ease the local deficits). Nor does it refer in the program to the Communists' participation in the leftist administration. And, with a view toward the future, it stresses paying greater heed to culture, women and youth.

The Socialist program starts with the comment that the future of a country is decided in the municipalities. For this reason, their priority goal is to give force, in the municipal councils, to "the fundamental values of socialism," which the program's authors summarize in three words: liberty, justice and solidarity. They recall the four major points in their previous campaign: change in the lives of the cities and towns and of the people; the maximizing of a local administration rendering services which are sufficient in quantity and quality; integrity and efficiency; and, finally, the financing of the municipal councils through self-sufficient municipal treasuries. After a brief review of the aforementioned points, among which they stress the "democratization of the local corporations," and "streamlining" in the personnel policy and administrative reform, the Socialists declare, verbatim: "We can unquestionably claim that we have paid the debts contracted by the previous

municipal councils, and we have also invested, in order to put the services on a fitting level and to battle against unemployment."

'Negligence and Bad Faith'

Nor is there a lack of references to the "difficult situation that has been inherited," and they claim that they have had the citizens participating in municipal administration as has not been done in previous years. "We have built glass municipal councils," they argue, giving a reminder of the amount of "free information" that has been provided to the population on each and every one of the important measures carried out by the councilmen. In the Socialists' opinion, the stocktaking of the municipal assets to protect the collective holdings has contrasted "with this same protection which in the past was so often evaded by negligence or bad faith." In the area of urban development, they describe the previous management as "chaotic"; and insofar as transportation is concerned, they stress that "a heavily deteriorating situation was inherited."

Before concluding with what has now been achieved or, at least, put well under way, wherein PSOE notes over and over again the accomplishments in the infrastructure of cities and towns and sanitation plans, it makes a brief reference to culture. They remark, literally: "We must underscore three essential areas: cultural infrastructure, cultural stimulation and popular festivals. We Socialists bear in mind the fact that happiness and local tradition are also rights of the citizens in a system of liberties." They conclude: "We are at the end of one phase and at the beginning of another; and this is the time when we must confirm our steadfast, determined intention of continuing the changes. A great deal has been achieved, but there still remains a great deal to be done. We shall begin another term loaded with further requirements for the Socialist municipal system."

The complete absence of self-criticism in the evaluation of the 4 years of municipal administration is justified by Luis Fajardo, who claims that "an election program is not the most suitable place for that," and who told EL PAIS yesterday that the detailed assessment, "with the large amount of good and with a few small flaws in what has been achieved since 1979," has been compiled in a book which will be distributed to the press during the first week of April.

In the chapter on the aforementioned "further requirements to continue changing," the Socialist municipal leaders emphasize the need for Parliament to pass, as soon as possible, the Local Financing Law, based on the criteria of "flexibility, progressiveness and coordination in the state financial system and the fundamental principle of sufficiency"; all of this accompanied by major packages of transfers and their pertinent economic provisions. They also have new plans for the associations (to give them an incentive) and for the chambers of deputies: "This incentive will be their principal endeavor and their most extensive area of activity." They do not make a direct relationship between the democratization of the municipal councils and decentralization ("they are not a combined phenomenon"), and they conclude with a triumphalist assertion: "Both participation and decentralization are based on a desire for progress which only we Socialists are capable of carrying ahead."

The Nine Fundamental Points for Future Action

According to the program which has been made available to this newspaper, the specific areas on which PSOE will base its major electoral pledges may be summarized in nine points:

To change and improve everyday life.

To foster the citizens' participation.

To increase employment and productive investment.

To create public land holdings.

To achieve housing and, simultaneously, protect the urban areas.

To improve the quality of urban planning.

To facilitate urban administration.

The arrangement of the territory as a public service.

The construction of an urban environment while preserving the natural one.

With regard to all this, the Socialists give a reminder in the program that "PSOE's presence in the state's government enables us to perform the pertinent work for the development of our program."

Expanding on each of these goals in more detail, the municipal electoral program stipulates that, insofar as the change and improvement of everyday life are concerned, its intention is to reduce individual consumption as a result of the economic crisis, "which must be addressed," the program states, verbatim, "by increasing collective consumption through the provision of improved public services and by redistributing wealth." With regard to the second point mentioned, they stress maximization of associative life, "to increase the citizens' participation in the management of their towns and cities." They concentrate the third, the one referring to increased employment and productive investment, on "fostering suitable use of the largest possible number of resources, particularly those which employ a larger volume of labor or which provide goods directly to the users." Whereas, in the fourth one, "creating public land holdings," they begin by acknowledging that an urban development policy aimed at benefiting and controlling private development, simultaneously, as a regulator on land speculation, "has failed to a great extent."

The electoral program devised by PSOE for the autonomous elections in the community of Madrid promises to create savings and loan institutions, to double the rate of regional spending, to ascertain the cost entailed by the capital of the nation status and to create the Regional Land Institute, among other things. The program, to which EL PAIS has had access, contains on 70 pages about 20 sections, in which are offered concrete proposals for putting into practice the authority recognized in the Statute.

In the section devoted to health, the Socialist program states: "The autonomous community tool for health policy will be the Regional Health Service, which will maximize primary care, avoiding 'hospital-centrism.' The health centers will constitute the first step in primary care; they will be responsible for a definite population, and their location will be based on criteria stemming from the population density, the communications and transportation facilities, and the already existing centers." Included among the functions of these centers are the population's health education, prevention campaigns and those for early diagnosis, health care and environmental cleanup programs. Each geographical group of health centers will have the backing of a district center. It explains: "It is our intention that each of those areas should have a regional hospital, with a more specialized level of care than the aforementioned district centers have. We shall also set up the Epidemiological Monitoring Service." In the chapter on labor matters, PSOE pledges "to offer sufficient facilities and capacities in the area of arbitration and mediation" in disputes, and to carry out "an overall policy of protection for occupational health."

Financial Institutions

In its economic section, the program notes: "Stress must be placed on the opportunity, acknowledged for the autonomous community, to be the owner of savings and loan entities as a means of discharging the functions within its jurisdiction, and to establish institutions that will foster employment and economic and social development, both of which possibilities the Socialists will make a reality."

It subsequently pledges to devise "an aggressive regional and local economic program to deal with the crisis," which will include the proposal "to double the rate of regional public spending," thanks to the budgetary transfers that are received; but with the intention of "preventing a rise in the level of fiscal pressure." It is in the economic chapter that the program cites "the main challenge that the future autonomous government will have to confront," defining it as "the elimination of the rates of urban poverty existing in some sections of the capital of Madrid, the raising of the low level of infrastructure and service that is oppressing the region's municipalities and the disappearance of the pockets of rural underdevelopment." It also announces the channeling of investment "based on socioeconomic indicators and quantifications of the collective needs which can be completely objectified."

As for the financing of the community, the program reproduces the mechanisms established in the autonomous legislation, and includes the calculation that the amount of taxes granted by the state will be about 60 billion pesetas. With regard to the possibility, noted in the autonomous pacts of July 1981, that the communities might apply surcharges to certain taxes, the electoral document notes: "If it were essential to decide on a tax increase, criteria based on equity would be used, and the tax on income and inheritance would be used as a means of surcharging." Nevertheless, it announces: "We Socialists pledge that the autonomous community will not entail even a peseta more of tax burden for Madrid residents, at least until 1990."

'Capital Status Effect'

In the section relating to Madrid's capital status, PSOE declares: "During the recent years of democratic administration, the Finance Services of the Madrid

Chamber of Deputies have been making an effort to curtail severely the burden of the 'capital status effect,' Finally, a detailed analysis has been made of the plants to be executed by the central administration in the province during 1983. And the conclusion has been that 25 percent of the anticipated investment is allocated to Madrid because it is the capital of the State. In short, there is an urgent need to arrive at a clearcut distinction between what is paid in Madrid and what is spent in Madrid; and, within the latter category, what is spent for the residents of Madrid. We Socialists will come to grips with this issue definitively; we shall quantify the costs and benefits of the capital status, and we shall act accordingly."

Urban Development

In the section on urban development, it promises to issue, within a period of 12 months, regional guidelines that will determine the action for urban planning and control in the municipal councils; and, within the same time period, to achieve homogeneity in the regulations governing land that is not subject to urban development or that is unimproved. It also includes the creation of the Regional Land Institute as a management organ.

In other chapters, the program assumes commitments, such as that to devise the Energy Plan for the Community of Madrid, with maximized use of alternative energy sources; to create the Regional Social Services Institute; to monitor environmental problems; to prepare 3 million square meters of urban landscaped areas; to conserve over 30 areas which are maintaining their resources, virtually without deterioration; to give priority to transportation in the southern focal points; and to lend preferential attention to the agrarian sector.

2909

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CONSERVATIVE COALITION FOCUSING CAMPAIGN PLATFORM

Madrid EL PAIS in Spanish 25 Mar 83 p 18

[Article by Joaquina Prades]

[Text] Madrid--The conservative coalition formed by Popular Alliance Peoples Democratic Party and Liberal Union (AP-PDP-UL) will center its campaign for the coming local elections to be held on 8 May around its promise to lower municipal taxes, just as in the legislative electoral campaign they used the promise to lower the income tax. The audits which they have requested from the government on certain municipal governments will likewise play a major role in the appeal which the Right will make to the voters.

In AP, the force which because of its majority position sets the guidelines to be followed in the coalition, the conduct of two Alliance magistrates; one in La Carolina in Jaen, and the other in Santa Eulalia, in Ibiza, are being used as an example. According to Abel Matutes, both promised to lower municipal taxes and improve public services--and they have carried out their pledges. The fact that these two towns have less problems of management than do the large cities does not appear to be an important argument to those who have planned the election strategy of the AP-PDP-UL coalition. And so, even in the city governments which are most in debt, such as Madrid or Barcelona, they will also hold out the promise, since--in the words of Abel Matutes, president of the national committee in charge of lists--the deficit in these local bodies is above all due to "the bad management of the leftist council members and mayors, and to the 'string-pulling' which they have carried on," which in his opinion has increased public spending by some hundreds of millions. They mean to prove this accusation of "string-pulling" in the campaign, using specific examples--which at the moment they are refusing to reveal--of construction work being awarded to "friendly" companies, bypassing the usual procedure of competitive bidding.

On the other hand, members of the AP-PDP-UL have asked the Ministry of Finance for the audits carried out on the municipal councils of Madrid and Barcelona, and they are awaiting an answer from the government so as to go over any alleged irregularities with a fine tooth comb--which might allow them to accuse the Left of "negligence or mismanagement, if not of corruption," said Matutes.

Meanwhile, the three parties which make up the coalition have already finished drawing up their candidacies, while the candidate for mayor of the capital of

Spain, Jorge Verstrynge, is learning all about Madrid at an intense speed, "He even asks about what kind of trees we are seeing when we cross the city by car," comments Javier Carabias, who is in charge of the Madrid campaign; and he does not hesitate to display a visible "I Love Madrid" sticker on his briefcase.

Oscar Alzaga's Peoples Democratic Party has secured 20 percent of the "sure" posts, among them the candidacy for the mayorships of Segovia (Zamarriego), Burgos (Jose Maria Pena) and Salamanca (Jose Angel Ridriguez Munoz); as well as the top position in the autonomous district of Castilla-La Mancha for Javier Ruperez, who recently joined Oscar Alzaga's ranks, and who was former ambassador to NATO during the last stages of the Calvo Sotelo government.

The Great Challenge of 8 May

For its part, the Liberal Union, the political group set in motion by Pedro Swartz, has obtained 10 per cent of the posts, among which the most noteworthy is the candidacy for the mayorship of Santander, since the man who is at the head of the list, Juan Hormaechea, has just asked to become a member of the Liberals.

It was recently announced in the Senate by Tomas de la Quadra, the minister for territorial administration, that the government intends to earmark 100 billion pesetas for the General State Budget to alleviate the debts of the municipalities. This has caused great concern among Popular Alliance, since on one hand, if they manage to make up the deficit in this way they lose an important argument against the Left during the campaign; and on the other, they do not think it right for the PSOE government to "defray the debts piled up because of the bad management of the communists and socialists with money from all the taxpayers."

AP-PDP-UL will put up slates in 80 percent of the towns in Spain. A third of these, according to Matutes, have been "retouched" by the central election committee. The provinces where the most conflicts have occurred, besides Madrid, have been those of Toledo, Tarragona, Valladolid, Albacete and Asturias, where the men of the PDP and the AP have reciprocally shot each other down. According to polls carried out by the AP, the most optimistic forecasts are concentrated in Galicia--if not in the mayors' races in the four capitals--Santander, Oviedo, Palma de Mallorca, Ibiza and Tenerife.

The Alliance is not going to spare either money--big business will again invest in the conservative coalition during these elections--or technical or human measures--Fraga expects to travel throughout Spain again--in facing the 8 May elections. Their challenging goal, as Miguel Herrero de Minon points out, is to surpass the 6 million votes they obtained last 28 October, so as to prove that Fraga has not reached his peak. Otherwise the centrist options, like Garrigues, and especially Miguel Roca, would reach a height that would directly harm the interests of the AP-PDP-UL coalition.

PSOE FEDERAL COMMITTEE FINAL TOUCHES ON ELECTORAL LISTS

Madrid EL PAIS in Spanish 25 Mar 83 p 19

[Article by Fernando Jauregui]

[Text] Madrid--Amid what official sources in the socialist party called a "climate of harmony," the federal committee of the PSOE [Spanish Socialist Workers Party] is meeting today to "give an OK" to the lists which the party will present in the municipal and autonomous elections of 8 May. However, although generally the choosing of candidates has involved no serious tensions, today's meeting will reveal some conflicts which must be resolved during the course of the meeting.

Of all these conflicts, the one which seems to have become the most acrimonious recently is the one regarding the municipal slate in Mostoles, where the local group supports the candidacy of Gonzalez Baviano, opposing the official candidate and current mayor, Bartolome Gonzalez. Baviano's backers went as far as to "take over" the socialist provincial headquarters in Tomas Breton Street. With the exception of this case, normality has been the general rule in the preparation of candidacies for Madrid and its province.

Sources in the Madrid PSOE executive board emphasized that candidacies have been drawn up on 150 towns in the province; that is, in all towns with more than 5,000 inhabitants. In every case the head candidate put up in 1979 will be retained, except in Getafe, Fuenlabrada, Alcala de Henares and Alcobendas where those who held the positions have gone on to occupy other posts, mostly in the central administration. This same general "conservative" approach has been maintained in drawing up the candidacies for the rest of Spain, according to Luis Fajardo, who is in charge of autonomous policy.

Except in the case of Madrid--where PSOE polls estimate that they could manage to obtain 34 councillors--the cases involving conflicts in the municipalities come to no more than "three or four", among them--according to elements on the PSOE executive board--those of the candidacies for the mayor's offices in Santiago de Compostela and Leon, where official attitudes clash with those of the respective local groups.

Among the autonomous candidacies, the most noteworthy conflict is in the area of Castilla-La Mancha, where the decision of the federal executive board to

support Jose Bono for deputy from Albacete as opposed to Jesus Fuentes, has caused a deep rift between the provinces. Albacete and Guadalajara support the official candidate, while Toledo, Ciudad Real and to a lesser degree Cuenca, support Fuentes.

A high official responsible for coordinating the electoral policy of the PSOE considers all these matters to be "minor conflicts," and he stresses that a general climate of harmony was the rule yesterday at the meeting of the provincial coordinators of the party campaign, which was preliminary to today's federal committee meeting.

All in all, the PSOE is putting up candidates in almost 6,000 towns, which means practically all those with more than 5,000 inhabitants. A private poll, "leaked" by the party, shows that the 8 May elections could produce a victory for the PSOE in 11 of the 13 autonomous communities in which elections are being held, and in almost 40 provincial capitals.

The meeting of the federal committee will begin with a report from Guillermo Galeote, the party's publicity secretary, who is in charge of the elections. He will be able to sketch the general outlines of the municipal program which will be presented to the press on the 30th of this month, and to discuss the election campaign. According to what EL PAIS was able to learn, Felipe Gonzalez will hardly figure at all in this campaign.

8131

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BASQUE POLITICAL PACTS, CULTURAL FUTURE, SECURITY

Barcelona LA VANGUARDIA in Spanish 9 Mar 83 p 9

[Text] Bilbao--LA VANGUARDIA--The agreement between the AP [Popular Alliance]--PDP [People's Democratic Party] and the PNV [Basque National Party] in the Basque parliament to pass the bills for the reform of the statutory institutions and the CDS [Social Democratic Party] support for the nationalist proposal on what will be the Basque hymn have given rise to suspicions and accusations among the other parties which have not participated in these actions, specifically, the Euskadiko Ezkerra and the PSE [Basque Socialist and Workers Party]-PSOE [Spanish Socialist Workers Party]. But in reality, the basis of the pact is a readjustment of electoral districts.

While the socialists, and especially their secretary general, Txiki Benegas, accused the AP of selling deputy seats to the PNV, contrary to its pronouncements, Euskadiko Ezkerra [Basque left] spoke of the suspicion of a convergence of interests of the Basque Right including the PNV-CDS, and the AP-PDP. In reply, Florencio Artostegui, AP secretary general, said, "Our agreement with the PNV cannot be interpreted as a permanent pact with the nationalists. It is a matter of legitimate self-defense for the AP, which was greatly harmed by the new drawing of districts. We have now assured our representation."

Viana, the number two man of the CDS and that party's leader in the Basque country, said "There is no honeymoon between PNV and CDS. The PNV has nothing to give and we can offer them nothing."

Jose Antonio Aspuru, secretary of the EBB [Basque Executive Committee] in behalf of the PNV leaders, gave their interpretation of this controversial agreement between AP and the nationalists. He said that what really happened was that "the AP and PDP deputies were in accord. There is absolutely no other possible interpretation."

The nationalist leader severely criticized García Damboronea, the socialist, for his statements comparing the Basque hymn with Cara al Sol [Spanish national anthem]. Aspuru said Garcia's words were "insolent" and called him

"a wild, impulsive person, a man perhaps with the War School mentality. One cannot get anywhere with that type of a person."

The fact is that after several contacts with Madrid so as to act with full authority, the AP arranged for the Basque nationalists to support their bills on the reform of statutory institutions. This was in exchange for a redistricting which greatly favors the electoral interests of Fraga's party in the Basque Country.

Specifically, the entire Basque parliamentary problem is due to the disagreement of the opposition with the electoral districting plan proposed by the PNV which favors the rural electorate--where the PNV is strongest--at the expense of the urban electorate in which the opposition had the majority of its membership (its Left wing in the labor sector and its Right wing in the large and medium sized enterprises). The AP has agreed to a change in districting which, although it does not harm the PNV, it substantially favors the AP.

Bilingualism, Formula for Coexistence

A roundtable was held on the future of education. It was organized by the cultural center of EL CORREO ESPANOL, EL PUEBLO VASCO and FUNDES. The participants were the philosopher Julian Marias, the psychologist Jose Luis Pinillos, the linguist Manuel Seco and historians Juan Pablo Fusi and Ignacio Olabarri with Fernando Garcia de Cortazar, dean of the University of Deusto School of Philosophy and Letters, as moderator.

Much of the roundtable discussion was on the subject of bilingualism, as much because language is a means of communication as because the linguistic problem is a specific characteristic of our historical process.

Julian Marias supported the freedom of choice of the language in which each citizen "feels at home" and against the intervention by public authorities in imposing the learning of a language. Manuel Seco stressed that "bilingualism should not create a situation of conflict but should foster coexistence." Finally, Olabarri stressed that both the choice of language and the freedom of linguistic education are always political.

Taking another approach, Juan Pablo Fusi said that a discussion of this subject should be based on the concept of cultural pluralism and the coexistence of cultural groups. Psychologist Pinillos analyzed the difficulties of bilingualism.

Agreement on the Security Plan

The first meeting was held by the representatives of the Basque government and the central government to analyze the security plan prepared by the Ministry of Interior. Complete agreement was reached on the principles underlying the plan. There are problems regarding police jurisdiction but solutions to them are already in sight.

9204

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TRIPARTITE TALKS START TO YIELD RESULTS

Barcelona LA VANGUARDIA in Spanish 9 Mar 83 p 10

[Article by Albert Viladot]

[Text] The tripartite talks between the socialists, the communists and Catalanian Esquerra Republicana [ERC] have borne their first fruit after 3 weeks of negotiations. During another meeting held yesterday at noon by representatives of the three parties two specific agreements were reached: first, to authorize the holding of three general debates basically of an economic nature with the express purpose of influencing the 1983 Generalitat [Catalan legislative assembly] budgets; second, they expressed a desire to come to agreement on the respective motions which the three parliamentary groups have proposed or may propose in the Catalanian parliament.

Joan Raventos for the socialists, Antonio Gutierrez for the communists and Albert Alay for Esquerra Republicana, were in agreement in giving a very positive evaluation to the meeting since, as they said, this meeting created a framework of agreement which will be made more specific during the coming weeks and months. Previous meetings had shown there was "the will to agree" but up to now it had not yielded tangible results.

The three parties designated their three spokesmen (Lluís Armet for the PSC [Socialist Party of Catalonia]; Rafael Ribo for the PSUC [Unified Socialist Party of Catalonia]; and Joan Hortalà for the ERC to be the liaison officers for the three organizations. Within a month, more or less, perhaps following the Easter vacations, another summit meeting will be held.

As we said, one of the agreements reached yesterday was to request that three debates be held in parliament on agricultural policy, on economic policy and work stoppages and finally on the territorialization and sectorization of the Generalitat investments. As in all parliamentary debates, these will also be followed by final resolutions. The three representatives stated that their parties expect that by means of these resolutions, the Generalitat government will be forced "to give a progressive content to certain aspects of the 1983 budgets. If the government does not include those resolutions, we will denounce it for noncompliance with the parliamentary mandate."

These debates will be held before summer. The debate on agriculture was already requested in September. It is estimated that the Generalitat budgets, which will be for more than 300 billion [pesetas], could be passed in July or perhaps, if the general government budgets are delayed a great deal, by September.

The agreement for mutual support of proposed motions is more ambiguous. At present "there is a desire to reach agreement and to study each one of these motions" even though nothing concrete has yet been worked out.

PSUC leader Antoni Gutierrez Diaz also indicated that they had discussed the possibility of the three parties jointly presenting a bill but they refused to specify what would be the subject and the purpose of the measure.

In any event, the communists are ready to present within the next few hours, an interpellation on the status of the Mixed Committee on Transfers from the Government to the Generalitat. This committee is chaired by Miguel Roca Junyent and on the Catalan side there are representatives from Convergencia i Unio, the ERC and Centristas de Catalunya. Depending on the reply to this interpellation the PSUC may later make a motion requesting that it and the socialists be given representation on this committee.

Although certain aspects of the agreement were not made specific, Reventos Gutierrez Diaz and Alay said that the importance of the talks must not be minimized. They said, "No party has renounced its own proposals. There are topics such as the reform and modification of the Autonomy Statute which must mature much more. What is important is the will to agree."

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GONZALEZ CONFIDENT OF REVIVAL IN MOROCCAN RELATIONS

Madrid EL PAIS in Spanish 30 Mar 83 pp 1, 11

[Article by Domingo del Pino]

[Text] Rabat--The objective of my trip to Morocco, which was primarily political, has been fully achieved, Felipe Gonzalez said yesterday at an improvised press conference on board the Moroccan Air Force Boeing 747 returning from Fez to Rabat. "We wanted to create a framework of trust with Morocco, and I think that we have managed this," the prime minister explained. Gonzalez reiterated that his administration's intentions regarding northern Africa are to replace a policy of equilibrium with a policy of cooperation.

Felipe Gonzalez explained that after his trip, Morocco and Spain are going to take stock of their mutual grievances and attempt to find prompt solutions for them within the overall framework of Spanish-Moroccan relations. The prime minister noted that in contrast to all speculations, the problem of Ceuta and Melilla did not come up during the talks that he held in Morocco, both with the chief of state on Monday and with King Hassan II on Tuesday at noon, and he indicated that he was thankful to the Moroccans for this.

Yesterday in Fez Felipe Gonzalez met alone with King Hassan II for 1½ hours, exactly double the initially scheduled 45 minutes. After reviewing a great many bilateral, regional and international issues, the Spanish prime minister again invited the Moroccan monarch to visit Spain, as King Juan Carlos had done previously. Felipe Gonzalez told him that he had been expected in Madrid for 3 or 4 months now.

Felipe Gonzalez also invited the Moroccan prime minister, Maati Bouabid, to visit Spain; the date will also be set through diplomatic channels. Foreign Minister Fernando Moran also met separately with his Moroccan counterpart, M'Hamed Boucetta, who returned Monday night from an urgent visit to Algiers to lay the groundwork for the upcoming normalization of relations between Rabat and Algiers. They agreed that he would visit Madrid on 29 April.

Moran and Boucetta reviewed bilateral issues, and with regard to economic matters in particular, it was reported that Morocco has pledged to reply today to the counterproposals that Spain formulated during the visit to Rabat by ministers Enrique Baron and Carlos Romero last 18 and 19 February.

The general impression is that a compromise has been reached between Spain's demand for a continuation of the status quo in fishing and Morocco's initial demand for a 70 percent cut in Spain's fishing activity. This will be the basis of a lasting overall agreement that both foreign ministers told EL PAIS they are confident of signing soon.

Prime Minister Felipe Gonzalez seems to have won over the Moroccans, including King Hassan II, in his less than 48-hour stay in Morocco. The most obvious signs of the warm feelings are the fact that he spent 1½ hours talking with the monarch instead of the originally planned 45 minutes and that the king himself, represented by his heir, Prince Sidi Mohamed, not the governor of Fez, offered him a luncheon banquet in Fez.

Common Goals

For the moment, there is merely a strong feeling that the goals mentioned in the respective speeches are in broad agreement. As Felipe Gonzalez himself said at the press conference on board the 747, he has tried to establish cordial relations. "Now then," the Moroccan secretary of state for foreign affairs, Abdelhaq Tazi, told EL PAIS, "it is, of course, necessary to put these magnificent good intentions into practice."

The luncheon given in honor of the Spanish chief of state, who was accompanied by Princes Sidi Muhamed and Mulay Rachid, was commensurate or with the court banquets of Harum Rachid court banquets. To whet the appetite and begin the endless string of luncheon courses (partridges in sauce, chicken tayine, beans with lamb in sauce, etc), a tasty "mekhui" was served by black slaves wearing the red caps with woven white jellabah that mark major occasions and their traditional babouches. It was held in an exquisite setting on the third floor of the Merinides Hotel in Fez, overlooking the city's ancient Medina, the famous Fez el Bali of Moroccan history.

After this sumptuous luncheon, the prime minister and his entire party, journalists included, made a rapid swing through the city's Medina, visiting the University of Qarawiyyin, the library where manuscripts of Averroes are kept and typical handicrafts centers, returning from there at an almost insane pace to the airport.

It seems obvious that Felipe Gonzalez's trip to Morocco is destined to become a landmark in relations between the two countries. Highlighting the regional situation is the normalization of relations between Morocco and Algeria, which seems imminent now that the Moroccan interior minister,

Driss Basri, has traveled, after Boucetta, to Algiers to discuss the two issues that have to be resolved before normalization of relations: opening up the borders and the indemnizations that Morocco is demanding from Algeria on behalf of the thousands of Moroccans that Algeria expelled from its territory at the outset of the Sahara war.

Within this framework of compromise, which has indirectly aroused uneasiness in two other north African countries (Libya, which apparently feels threatened by the Algeria-Morocco reconciliation; and Mauritania, always the weak link in the chain and now pro-Polisario), relations between Spain and Morocco could develop peacefully and on a broad scale.

Tunisia, of course, is very worried about the state of health of its again president and supreme helmsman, Habib Bourguiba, about what might happen after he passes away, about the Islamic fundamentalism around the corner and about the permanent Libyan threat on its borders.

The Mediterranean gathering that French President Francois Mitterrand has proposed but that was actually brought up first by Spanish Foreign Minister Fernando Moran, seems, within this context, to be welcomed by Moroccos. According to the prime minister's indications, Morocco understands our desire to avoid having this dialogue complicated with the grievances of the north African countries on the Mediterranean vis-a-vis the European Economic Community and with the ambitions of the southern European countries that are not yet members of the EEC to join it.

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REVIVED CATALAN SPIRIT URGED FOR REGIONAL SOCIALISM

Barcelona LA VANGUARDIA in Spanish 23 Mar 83 p 6

[Commentary by J. Lores: "Socialism and Catalan Nationalism"]

[Text] Catalan political nationalism has apparently become something unnecessary, without any possible remedies or mitigating factors. Various voices are whispering now that this development took place after and thanks to the "socialist change." Startingly, these voices are Catalan. As far as these Catalan minds and voices are concerned, Catalonia is more than sufficiently represented on the Federal Council of the PSOE [Spanish Socialist Workers Party], an institution that seemingly has direct influence on the nation's government. It also has a relative abundance of deputies and senators in the respective parliamentary groups of the PSOE. Furthermore, there is the perquisite of Catalan ministers and high-level officials. As far as these people are concerned, then, stressing Catalan nationalism's political grievances stems from little more than a hidden need to go around complaining about everything, a vice that apparently just nonsocialist Catalans indulge in. These same voices are only capable of timidly defending a potential parliamentary group of Catalan Socialists in Congress, alleging the need to respond in particular to the stands of Catalan Minority. According to this specious logic, if Convergence and Union did not exist, the existence of a Catalan Socialist parliamentary group in a Congress of Deputies with an absolute Socialist majority would be futile and inconsistent. As if by electoral magic the different reality of Catalonia has apparently vanished as something that, at the least, gives rise to positions that do not coincide completely with those based on realities in the rest of the country. Hence, they regard any expression of Catalan political nationalism as anachronistic. They have even asserted that the PSOE's purported hypothesis of Spain as a "nation of nations" renders unnecessary a specific policy to defend Catalan individuality and to act creatively in consonance with it. The Socialist central government, the apparent backbone of the "nation" (a la Ortega), has seemingly become, in these people's eyes, an exclusive guarantee of the "nations" without a State, automatically, by metaphysical (I suppose) decree.

The thread of this reasoning leads to the crushing argument that with Socialists in the government, the Catalan problem as a Hispanic problem has apparently disappeared. Catalan political nationalism is thus merely a residue of a deceitful, divisive desire on the part of unhealthily antisocialist individuals to create false problems for the national government. If this argument were carried to its ultimate consequences (and the remarks of certain individuals are headed in this direction), then on that day of salvation when the Socialists have an absolute majority in the Parliament of Catalonia and hold all of the seats on the Catalan Executive Council, the age-old history of Catalan political nationalism will have drawn to a definitive close, because there would no longer exist disagreements between Madrid and Barcelona. Spain's Catalan problem would thus have metamorphosed into an anemic internal problem for Catalonia, which would then have to endure the cyst-like presence of nationalists opposed to its socialist Executive Council. This entire intellectual house of cards has just one escape clause: Catalan political nationalism would again acquire meaning and validity on the day that the PSOE (and its conception of Spain) lost power. We can thus see that underlying this mentality is the extremely odd idea that the Socialist victory at the polls has created a new unity in Spain, based not on a dialogue and a pact among diverse groups but on the communion of all in the socialist credo and the Socialist Party. Their inconsistencies on this issue are such that they believe that Spain today "is" without a Catalan problem because it "is" socialist and that Catalonia, therefore, "will be" no problem for Spain on the day that the seat in Sant Jaume Square "becomes" socialist.

I am tired of hearing statements that imply this ideology. Surely, I assume, the people who make these statements will not accept the ideology when they see it down on paper. A good sign. Surely too, Companys, Serra Moret or Cambó would have been dumbfounded if they had heard people in Catalonia making statements leading to such outlandish conclusions. This is because, so far, everyone knew that accepting and acting on the different reality of Catalonia, with all of its consequences (political consequences included) did not stem from a romantic, suicidal delusion but from a humble respect for history and the lessons of the present. Consequently, Catalan political nationalism stemmed from a logical course of action consistent with Catalonia's sociocultural differences, in a dialogue with the other peoples of Spain but seeking always to protect our identity and origins. If it seemed as if there were no differences between Spanish and Catalan socialism (a phenomenon that has intensified after the "change"), this should be attributed more to short-term political tactics than to a failure to remain faithful to the realities of Catalonia and of the rest of Spain. If Catalan socialism had, in fact, come up with a construct of Spain that was not equivalent to the PSOE's, it would necessarily have prompted suspicions among non-Catalan Socialists. History and the facts make these humble demands. It is historically impossible for the PSOE's program of Spanish nationalism, which is based, to be brief, on the ideas of Azana and the Generation of 1898,

to coincide, without political differences, with the program of Catalan socialism, whose only alternative is to be nationalistically Catalan if it heeds its ideological traditions and historic adventures. But this impossibility is not to be found in history alone. The difference between Catalonia and the rest of the country is obvious, with no invidious comparisons meant. Thus, Catalan socialism would have to be somewhat different from the PSOE in doctrine, and the unity that they manage to forge should be based not on placing uniformity above differences but on two distinct programs, which, therefore, are conducive to ongoing, frank discussions, negotiations and compromises. Everyone would understand, at least in Catalonia, that there would be difficult, ongoing problems with the PSOE in spite of some degree of unity and cooperation. What we are now finding hard to understand is that these problems are not coming to public light in any forum. This means that one of the two socialisms has been yielding to the other, so much so that, alarmingly, they are creating no problems for each other. And one need not be lynx-eyed to see that Catalan socialism has willingly or unwillingly paid the piper this time.

I know very many Catalan socialists who are nationalists in their heart of hearts, but since they are engulfed by their organization, they have to throw their Catalan political nationalism overboard in practice. The problem of Catalan socialism's ideological weakening is alarming for all Catalonia. So as not to clash with the PSOE's Spanish nationalism, it has had to cease making speeches that offer proposals for the present and future of Catalonia and Spain and begin coming out with messages designed only to criticize Convergence's Catalan nationalism. I am very sorry to say this, but to put it briefly and directly, Catalan socialism is running an increasing risk of becoming just an "anti-Pujol movement," without contributing anything original to Catalonia or Spain. It is operating primarily out of Catalonia, as an enemy of the Pujol party's nationalism, because this party is offering tactical resistance, by the force of events, to the new brand of Spanish nationalism.

If Catalonia continues along this path, which I feel is reversible, its situation will become increasingly untenable, because furthermore (though this is not the topic of this commentary), the Catalan nationalism of the Convergence people has not found answers that are commensurate with the new situation. In order to get out of this mess, Catalan socialists must remember that explicit nationalism does not stem from historical stubbornness and that the problem cannot be resolved or eliminated with a Socialist victory at the upcoming elections for the Catalan Parliament. The realities that Catalan political nationalism create carry as much weight as the realities created by immigrants here. "Building Catalonia" is of course not possible if our immigrants are overlooked and disregarded. Likewise, "New Catalonia" cannot forget the strength and demands of longstanding nationalism. An alive, effective Catalonia that wants to belong to all must take these two factors into account. Our collective problem today is to seek a Catalan path for the future that all can travel, that consists largely of

Catalan political nationalism of all stripes but that immigrants can accept in one way or another as Catalan political nationalism. We cannot forget, of course, that our immigrants here are divided today between those who accept the reality of Catalonia and those who are listening to the siren songs of the PSOE's Spanish neonationalism. The major challenge facing Catalan socialism today is to make our socialism Catalan again. Other political groups have other challenges. But I think that we lose nothing by speaking clearly.

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PALME DISCUSSES SOCIALIST INTERNATIONAL AID TO GUERRILLAS

Madrid ABC in Spanish 20 Mar 83 pp 34-35

[Interview with Swedish Prime Minister Olof Palme by Jose Maria Vera in Stockholm (site not specified); date not given]

[Excerpt] On the eve of the visit to Spain by the Swedish royal couple next Tuesday, we are today beginning a series of articles on Sweden's current sociopolitical and strategic position. An ABC special: correspondent traveled to Stockholm, where he was received by Prime Minister Olof Palme and met with prominent military figures and the main leaders of political parties.

Palme has undergone the harsh test of being in the opposition for 6 long years (1976-1982), something that no other Social Democratic leader has had happen to him in the last half-century. During those 6 years the current prime minister poured forth sarcasm that was unprecedented in the placid Riksdag (parliament). His systematic denunciation of all the decisions of bourgeois governments prompted misgivings within broad segments of Swedish public opinion, which is used to parliamentary "fair play."

His language has now become much more moderate. During the campaign leading up to last year's elections, the current prime minister exhibited to the electorate an unusual willingness to engage in dialogue and "extend a friendly hand to all." Olof Palme is no longer the education minister who in 1968 marched through the streets of Stockholm beside the North Vietnamese ambassador in the forefront of a demonstration against the Vietnam war. In spite of the passage of time, however, he himself is aware that his anti-Americanism is still remembered in Washington.

Change of Strategy

The Social Democratic leader has changed his strategy, especially in the realm of domestic policy, perhaps because he is channeling all of his combative energies into foreign policy, where his important initiatives have unquestionably struck a responsive chord. Olof Palme is a staunch internationalist. His concept of active neutrality, which is distinctly different from Sweden's traditionally prudent neutrality (as practiced by his predecessors), is one of the cornerstones of his approach that has aroused the most interest (and surprise) among the Swedish people. In any event, Sweden's foreign policy bears the personal stamp of Olof Palme, who combines national and party interests (his foes label him a party man rather than a statesman) with the activities of the Socialist International, in which the blond Social Democratic leader carries great weight.

[Question] The so-called "Palme Commission" recently submitted a proposal for the creation of a demilitarized zone in central Europe. What exactly does this proposal aim at?

[Answer] The central point of the proposal is this: there are thousands of small nuclear weapons deployed in central Europe, in other words, on the battlefield itself. These bombs (grenades and mines) are, however, similar in yield to the Hiroshima bomb. They are deployed on both sides of the border between Eastern and Western Europe. Can you imagine an attack across that border? The unit commanders would be faced with a difficult dilemma: Should we use these weapons or not? Can we let them fall into the hands of the enemy? This is what we might call a trap that could lead to nuclear war, in which the actual decisions would be up to the commanders of the units, not the Staffs. We therefore suggested that these weapons be placed at some distance from the border, 150 kilometers away from each side, for example.

[Question] How have the two parties greeted the proposal?

[Answer] The plan was originally outlined by two former NATO foreign ministers, and thus the Soviets put up some resistance in the commission. Now, however, the USSR seems to have taken a quite positive attitude, while it is now the Western bloc that is somewhat skeptical about it. The Soviet Union has proposed expanding the zone to 300 kilometers, which is not acceptable to the West.

[Question] What sort of future do you forecast for this disarmament proposal?

[Answer] We must not forget that this is only a move to create mutual trust and that it will, therefore, have no impact on the military balance. It is a modest proposal. In any event, we are going to wait. We will continue to put it forth.

Unilateral Disarmament

[Question] Sweden's neutrality has become an almost legendary concept in Europe. Nevertheless, the possibility has also been mentioned that over the more or less long term there could be a "Finlandization" of Sweden. What do you think of this hypothesis?

[Answer] "Finlandization" is a term coined by Franz Josef Strauss. I don't care for the term because it is really an insult to a country like Finland, which has defended its independence with such vigor and has succeeded in maintaining it. Our foreign policy is one of nonalignment in peacetime with a view towards remaining neutral in wartime. It is mainly a political issue of creating trust on both sides. We feel, nevertheless, that our policy of neutrality must be based on a solid defense that bolsters our stands. We have been very strict about maintaining our independent stand under any circumstances. We have voiced our views on several international issues in an independent manner, even though this approach has not been enthusiastically received by either of the two blocs. But we're not trying to prompt such a reaction either. Regarding what you were specifically referring to, I don't believe in this hypothetical "Finlandization."

[Question] Would it be possible for the Swedish people to consider unilateral disarmament right now?

[Answer] We Social Democrats came out against such a move in the congresses that we held in the 1930's. Our party is not as old as Pablo Iglesias's PSOE [Spanish Socialist Workers Party], but we do have more than 90 years of experience. We decided 50 years ago that unilateral disarmament would not be a good idea for us.

[Question] What influence do the guidelines of the Socialist International have on the foreign policy of the current Swedish Government?

[Answer] These are two completely different things. What the Swedish Government can do is one thing, and what we can do as a party is another. Happily, the two viewpoints coincide on many occasions, but not always.

Mediation in Central America

[Question] What do you think the real chances for European mediation in Central America are?

[Answer] I am not abandoning hope, but things look quite difficult. Nevertheless, I feel that it is very important that we Europeans have taken a stand on what is happening in Central America. Our moves have always been aimed at initiating negotiations for peace.

[Question] What is your assessment of the United States' stand on these mediation efforts?

[Answer] The Americans are very sensitive about this because they feel that this geographic area is their exclusive jurisdiction. I do not accept this view either there or anywhere else. We cannot admit that Afghanistan comes within the sphere of influence of the Soviet Union or that the El Salvador issue concerns only the United States. I think that I said more or less a year ago that "a people in flames is always a people in flames," regardless of whether it is El Salvador or Afghanistan.

[Question] There has been a great deal of talk recently about a future trip by Fidel Castro to Sweden, France and Spain. What would you think of such a visit if it came about?

[Answer] I visited Cuba in 1975 and invited Fidel Castro to visit Sweden. That invitation still stands. It is true that there was talk later of his visiting France and Spain too. I feel that it would be very practical to combine the visits.

The Things That Happen

[Question] After the defeat of the Social Democrats in the recent German elections, the rumor has spread that the French Socialists greeted the results of the vote with undisguised satisfaction. How do you feel about this?

[Answer] Well...I don't think it's very likely that the election of Kohl the Christian Democrat could have prompted much joy among France's Socialists. What has happened is that it has been accepted as an unalterable political fact. These kinds of things happen.

[Question] Why do you think that the Socialist International has tended in recent years to get more involved in Latin American and African disputes and to ignore other particularly important problems such as Cyprus and, in general, all of the problems along the Mediterranean?

[Answer] The Socialist International's traditional problem is that it has gotten involved too much in Europe. Twenty years ago it questioned only the Atlantic Pact, the European Community, Israel and little more. It now has a much broader base and has therefore diversified its interests, concerning itself particularly with Latin American and African issues. For example, we have considerably strengthened our relations with northern Africa and we are very interested in the problems of the Polisario and the entire conflict in the Western Sahara. We are still interested in European affairs, but we have to bear in mind that the Cyprus issue is a very ticklish one for us because Sweden has troops in the UN contingent.

[Question] Will the Swedish economy be able to continue to afford the material aid that it provides to several liberation movements around the world, such as in Namibia?

[Answer] Such aid is a moral obligation. We have decided to earmark a certain percentage of our gross national product for such aid. After all, our standard of living is quite a bit higher than in all of those countries. In the case of Namibia, which South Africa is occupying in an absolutely illegal manner, what we are trying to do is train young managers so that they can take charge of organizing the State of Namibia after it becomes independent. This is why we support the Institute of Namibia in Lusaka, for example.

A Good Friend

[Question] After the election victories of Mitterrand, Papandreu and Felipe Gonzalez, some analysts have somewhat presumptuously advanced the idea of a completely socialist southern Europe. Do your views square with this theory?

[Answer] If we look at how the political situation has evolved in the postwar period, we see that socialism became strong in northern Europe and relatively weak in the south. Over time, the Socialist and Social Democratic parties have strengthened their positions in Western Europe. This trend has become particularly discernible in southern Europe. We are very pleased to see this happening.

[Question] Spain's Socialist leader Felipe Gonzalez has always had better relations in the Socialist International with Willy Brandt and Olof Palme than with Mitterrand, for example. How do your relations stand at the moment with the head of Spain's socialist government?

[Answer] Felipe is a good friend. I met with him in my office in 1974. He had just been elected leader of the PSOE in the underground. I think it was the first time that he had visited a prime minister's office. Now, less than 10 years later, he has his own office.

[Question] How are relations currently between Sweden and Spain?

[Answer] Our relations with Spain, which were established long ago, could be described as very intense. As you well know (smiles), many Swedes spend their summer vacations in Spain.

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BACKGROUND TO POSSIBLE TURKISH-GREEK FOREIGN MINISTER MEETING

Istanbul MILLIYET in Turkish 7 Apr 83 p 2

[Article by Sammy Cohen: "Why This Change"]

[Text] Although it has not been officially announced yet, it appears that a meeting between the foreign ministers of Turkey and Greece in Strasbourg, at the end of the month, has been decided on.

When it was expected that the Turkish-Greek dialogue would begin in Paris, in the first week of June, advancing this date by a month and a half is a development which should cause unmitigated joy.

The initiative on this matter came from Athens. Ankara which stated every time that it was amenable to talks, agreed this time also to begin the dialogue.

This was made possible by an unconditional observance by both sides of a period of detente termed by Athens a "moratorium" and by Ankara "a gentlemen's agreement" in other words, by an attempt to create a climate conducive to dialogue.

After the first meeting in Strasbourg, which will take place to determine chiefly procedures and the agenda, will it be possible in such a climate of detente, for the Turkish-Greek dialogue to make progress and to find solutions to the problems between the two neighboring countries? In other words, can we expect concrete results from the Turkish-Greek talks?

As is known, Turkey has always supported the view that "negociations" were the only way to solve the differences between Turkey and Greece. Papandreou was the only one who openly opposed this view, which Athens shared for a while. The Greek Premier, during his 1981 election campaign, and after he came to power, refused to consider a dialogue with the excuse that there was nothing to be discussed. Even though he appeared to agree to it last fall, he changed his mind again and cancelled the meeting which was scheduled to take place in Brussels.

Now Papandreou announces that the time for talks has come and even takes the initiative to advance the date of the first meeting.

Why this change? Is it because Papandreou has come to believe negotiations are the best way to solve the misunderstandings between the two nations?

that he favors a dialogue or because he wants to use it as a tactical means?

The answer to this problem will also provide the key to the question of whether or not concrete results can be expected from this dialogue.

It might appear at first glance that Papandreou is faced with very serious internal and external problems and one might reach the conclusion that the very heavy pressures of these difficulties force him to initiate a dialogue with Turkey.

Is this the case, in fact?

It is true that Greece, from the standpoint of internal politics, is entering a very critical phase. Rightist and leftist extremist groups have emerged and have begun operations. The murder of Athanasiadis, the owner of the paper "VRADYNI", the bombs exploding in the Dimetoka [Dimotika?] district, constitute serious warning signals.

The Greek army is restless. There are growing tensions between the government and the opposition. Politics are increasingly spilling out into the streets. People are troubled.

What does the leader of a nation in such a situation do? He either says "the real problems of the nation are internal not external" and stops focusing on imaginary outside threats and concentrates on internal political, economic and social matters. Or, thinking that "the easiest way to unite the nation is to turn its attention to dangers from the outside" he throws around slogans like "The Turks are coming", that is, he tries to quell internal restlessness with external tensions.

The first is the elegant, intelligent, realistic way. The second way, even though it may look like cunning at first glance, can only lead to failure, even to catastrophe in the long run.

Papandreou now finds himself at such a crossroads.

We do not believe that the decision of Greek leaders to initiate a dialogue has much to do with internal politics. The fact is that the political situation in Greece at present has not yet reached the proportions of a serious upheaval. However, before things take a turn for the worse, if Papandreou chooses the road to an agreement with Turkey and, particularly, stops believing that he will cow the opposition and unite his country with the "Turks are coming" nonsense, he will truly act intelligently.

It can be said that foreign policy rather than internal politics played a part in the softening of Papandreou's attitude. When we speak of foreign policy we refer specifically to the ties of Athens with the U.S.A.

Once again, even though this was not officially disclosed, it is understood that an agreement on bases was reached between Athens and Washington and that it will be signed within a month or two.

Papandreou took a negative stance towards the U.S.A. at the beginning and attempted, through bargaining, to gain concessions to the detriment of Turkey. It has transpired that the U.S.A. did not agree to give Greece guarantees against Turkey. However, it agreed as a compensation to continue to help Turkey and Greece on a scale of seven to ten, as in the past.

We know how the U.S.A. parliamentary system functions. The Greeks know that especially well. Just as Congress goes to work, a practical way to secure the Reagan administration's support also, is to adopt a resilient and conciliatory attitude. In other words, when Papandreou announced that he wanted to begin the dialogue with Turkey, he also wanted to be heard by the administration and the Congress.

In that case, does Athens wish a dialogue only to obtain some advantages or because it is forced to do so? We hope that such is not the case. We hope that Papandreou truly believes in the necessity and the benefits of a dialogue. If he does not hold such a belief, it means that his new position is simply a "tactical" one. And, in all likelihood, it will not take too long to find this out.

12278

CSO: 3554/243

AEROSPATIALE UPSET OVER LOSS OF SWISS CONTRACT

Geneva JOURNAL DE GENEVE in French 11 Mar 83 p 12

[Article: "France's Displeasure at Switzerland's Choice of Missile"]

[Text] ATS [SWISS TELEGRAPH AGENCY], Paris, 10 Mar 80--The Federal Military Department's choice of the American TOW antitank missile over the HOT missile produced by the French state-owned company Aerospatiale has prompted the latter to release a "Swiss dossier" in which it contends that "shadowy action must now be taken" to get Swiss authorities to reconsider their decision.

This decision has obviously irritated the French arms industry. It not only entails the loss of a billion-French franc contract, but spokesmen for the manufacturer of the HOT antitank missile claim it could also indirectly prejudice other armed forces against this missile and thus prompt them to select another missile system.

The HOT missile is produced by Euromissile, an economic interest group (GIE) formed, under French law, by Aerospatiale of France and Messerschmitt-Boelkow-Blohm of Germany. This consortium's volume of business in 1981 totaled 3.79 billion French francs (before taxes). In its "Swiss dossier," Euromissile's French member, Aerospatiale, explained that in 1978 and 1980, the Swiss had selected the Dragon [American shoulder-fired antitank missile] and the Rapier [British surface-to-air missile] over Euromissile's Milan and Roland missiles, both of which had apparently not been "earnestly evaluated by Switzerland." As a result, Euromissile had lost Swiss contracts totaling some 3.9 billion French francs.

Aerospatiale executives would not explain what they meant by "taking shadowy action." But a Euromissile spokesman did tell ATS that because of the "inadequate evaluation" of the HOT bid by Swiss federal authorities, "a press campaign will be launched in Switzerland." Officials of the French Embassy and trade mission in Bern were "thunderstruck" by Aerospatiale's reaction and said they "knew nothing whatever about it." The commercial attache specified that "if Aerospatiale is actually about to launch a campaign, there is nothing unusual about such action. The company is free to pursue what it considers to be the best commercial policy. We personally know nothing about the matter." As for the French military attache, he said he was "somewhat perplexed" and declined to make any comment at this time.

FRANCE, ENGLAND, FRG OUTLINE ANTITANK MISSILE PROGRAM

Paris LES ECHOS in French 15 Mar 83 p 8

[Article: "France to Develop Medium-Range Version of Future Antitank Missiles"]

[Text] The French, British, and West German defense ministers recently signed a memorandum of understanding concerning development of a new generation of antitank missiles that will very substantially increase the defense capability of the Western alliance's armed forces throughout the 1990's. The Euromissile Dynamics Group--Aerospatiale, British Aerospace, and Messerschmitt-Boelkow-Blohm (MBB)--has now revealed each member's responsibilities in this program.

Aerospatiale will be prime contractor for the "short and medium-range" light infantry missile designed to replace the Milan system. According to the French company, this new missile is to be produced at the lowest possible cost. It will be capable of piercing the stoutest armor plate and effectively withstanding enemy countermeasures.

The "long-range" version designed for land vehicles and helicopters will be a "fire-and-forget" system with a very rapid rate of fire. It will allow the launch vehicle or helicopter to take effective evasive action. British Aerospace is to be responsible for the vehicle-mounted version and MBB for the helicopter-launched version. This all-weather system can be carried by any type of land vehicle or helicopter.

These next-generation antitank missiles will be devoid of any unnecessary sophistication. According to Aerospatiale officials, they will incorporate new technologies whenever the latter are patently beneficial but otherwise they will make use of conventional tried-and-true concepts so as to limit system costs and simplify its operation.

8041

CSO: 3519/399

HERNU REINSTATES GENERAL BINOCHE, ADMIRAL SANGUINETTI

Paris LE MONDE in French 16 Mar 83 p 46

[Article: "General Binoche and Admiral Sanguinetti Reinstated as Commissioned Officers"]

[Text] Major General Francois Binoche and Admiral Antoine Sanguinetti were fully reinstated and assigned to the "second section" (special reserve of general and flag officers) effective 1 March. Both officers had been compulsorily retired as a disciplinary measure by a previous defense minister, Yvon Bourges. They were reinstated by an order of Defense Minister Charles Hernu dated 25 February and not published in the JOURNAL OFFICIEL.

General Binoche, a "Compagnon de la Liberation" [member of honorary order founded by De Gaulle], was compulsorily retired in August 1975 by the Cabinet for having failed, according to Bourges, to meet reserve obligations. In November 1969, Major General Binoche, then commanding the 44th Military Division in Toulouse, had requested retirement, for personal reasons, 18 months before reaching his maximum age-in-grade. His request was approved and he was assigned to the second section of the special reserve which is the normal status for any general or flag officer no longer on active duty but still liable to recall to active duty upon order of the Defense Ministry, particularly in wartime.

Following the publication, in 1975, of two articles in LE MONDE and the Gaullist review L'APPEL in which he outlined the dangers of a Germany "that has remained immutable from Bismark's time to our day and age," General Binoche, who had buttressed his articles with observations based on his former duties as head of the French military government of Berlin, was compulsorily retired. Unlike assignment to the second section, compulsory retirement of a general officer is a serious form of summary punishment that deprives the person concerned of entitlement to certain material benefits.

Admiral Antoine Sanguinetti had also been relieved from active duty and compulsorily retired in July 1976 by the same defense minister, Yvon Bourges.

After the publication in LE MONDE of several articles harshly critical of French defense policy, Admiral Sanguinetti was relieved of duty as navy vice chief of staff in 1974 and later as chairman of the standing committee for

naval ship trials in January 1976. A series of other articles in L'UNITE, L'HUMANITE-DIMANCHE, and LE MONDE prompted the government to compulsorily retire Admiral Sanguinetti who for several months had no longer received any duty assignments from the Defense Ministry.

Casé of Jacques Paris de Bollardiere

The defense minister's reinstatement order dated 25 February was transmitted to these two officers by the general and flag officers branch of the armed forces general staff to which they were administratively responsible. The case of Brigadier General Jacques Paris de Bolardiere, compulsorily retired in 1973 for having violated, on board a sailing ship flying a foreign flag, the ban on shipping within the Mururoa Atoll nuclear test area, was not settled inasmuch as any statutory decision requires the consent of the person concerned.

The ministerial order of 25 February has not to this date been published in the JOURNAL OFFICIEL and makes no reference to any law warranting such reinstatement action.

8041

CSO: 3519/399

SERIES PRODUCTION OF NEW RADAR FOR MIRAGE 2000

Paris L'USINE NOUVELLE in French 17 Mar 83 pp 63-64

[Article by Patrick Piernaz: "First Series Production of Mirage 2000 Radars"]

[Text] Thomson-CSF's plant in Pessac near Bordeaux will soon begin delivery of the first production models of RDM [multimode Doppler] radars for Mirage 2000 fighter aircraft. This plant manufactures missile seekers and electronics as well as combat aircraft radars. Plant manager Jacques Dubet revealed that "by the end of this year we will be producing three RDM's per month, and twice that number by 1984."

In so doing, Thomson-CSF will be able to meet the early 1983 production goal assigned to it by the French Air Force, even though the RDM is not the radar initially requested by the air force. In 1976, the latter had ordered a new-generation model, the pulse-Doppler radar (RDI) which has an enhanced aerial target detection capability. Recognizing that it took a minimum of 8 years to develop and produce a new radar, Thomson engineers had at first accepted the challenge of being ready on time. They were soon forced to admit, however, that they would not be able to deliver production models of the RDI before 1986.

One of the reasons for this slippage is the narrowness of the Mirage 2000's nose. It compelled Thomson-CSF and the RDI's co-developer, Serge Dassault Electronics, to develop an initial validation prototype and then reduce its size by using hybrid technology. This phase is now complete and the RDI is already undergoing tests on the Mirage 2000.

Pending availability of the RDI, the Mirage 2000 could not conceivably be allowed to fly with a "wooden" radar. A radar for this new aircraft had to be produced at all costs. This posed a difficult problem for Thomson-CSF's avionics division, one of the company's most profitable activities: revenues of more than 2 billion francs in 1982, 65 percent of which was in export sales, and a 4-year backlog of orders.

The simplest solution would have been to produce a transitional radar to "hold good until 1986." But the company made a much smarter move. Concurrently with the RDI program, it launched a company-financed program to develop the RDM

multimode Doppler radar. Thomson-CSF is even restoring the situation entirely in its favor because present indications are that the RDM-equipped Mirage 2000 may ultimately attract more customers than the RDI-equipped version.

The fact is that the RDI is designed very specifically for air-to-air combat, whereas the RDM can also be used for air-to-ground--penetration and bombing--and air-to-sea--search, detection, and tracking--missions. In addition, the RDM has considerable air-to-air capabilities. In clear space, it has a detection range of nearly 110 kilometers, a much greater range than that of the F-16 aircraft's American radar and equal to that of the F-18's radar. The RDM's air-to-ground (Doppler mode) range is shorter (38 kilometers) than the F-18's radar or the future RDI, but is substantially the same as the F-16's Westinghouse radar.

Henri Gousse, sales manager for Thomson-CSF's avionics division, explained that compared with the F-16, its direct competitor, the RDM-equipped Mirage 2000 definitely has a radar that is not only more efficient in clear space but also possesses more operating modes. These performance characteristics explain why the French Air Force has decided to employ the RDM (in addition to the RDI) and why the Mirage 2000's first foreign customers--India, Egypt, and Peru--have followed suit.

The fact remains, however, that the Hughes Aircraft Company, which recently began series production of the F-18's pulse radar, has taken a significant lead. Even though this twin-engined jet aircraft is not in direct competition with the Mirage 2000, Thomson-CSF should catch up by the time new-generation aircraft become available about 1990, particularly the ACX [advanced fighter demonstrator aircraft] that could be produced jointly with the Germans.

Research on its radar--the RDX--began in 1979 and currently absorbs a large part of the avionics division's research budget. This division annually spends 10 percent of its revenues on new research projects. The division's government-funded research activities do not exceed 20 percent of the division's revenues. Hence for 1983 revenues of approximately 3 billion francs, this translates into an annual total of nearly 900 million francs allocated to new research and studies. It is difficult to amortize such huge sums over lengthy production runs as Thomson's American competitors can do because of the large United States Air Force orders they receive. In the words of Alain Bougault, manager of Thomson-CSF's systems and detection branch: "While we make 100 radars, the Americans make 1,000."

Production problems are compounded by a combat aircraft radar's extreme complexity: 10,000 machined parts, 31,000 electronic and mechanical components, and 13,000 man-hours. Yet only a few radars per month. Under these conditions, how is it possible to manufacture numerous components on a small scale with the same productivity as if they were being mass produced? The assembly shop, which has been in operation for 6 months at the Pessac plant, resolves this equation. It is the first flexible fabrication shop for printed-circuit assembly and wiring that is directly linked to the CAD [computer-aided design] system in Montrouge.

In this shop, Thomson-CSF has succeeded in using sequencers and automatic insertion machines for small-scale fabrication of parts. Up to now, such production equipment and methods were applicable solely to mass-production shops, for the manufacture of television sets, for example. Results have exceeded expectations. The printed-circuit assembly and wiring cycle has been reduced from 6 weeks to 2 weeks. The machine utilization rate has doubled. The number of required retouches has decreased threefold.

8041

CSO: 3519/399

BRIEFS

PRIME CONTRACTOR FOR BATTLE TANK--France has decided to go it alone, for the moment, in developing the future main battle tank designed to replace the current AMX-30 tank by the early 1990's. It is quite evident, however, that in [Defense Minister] Charles Hernu's view the organization for this project will remain open-ended "until development has reached an advanced stage, and that no country is excluded as a possible partner." This is an obvious invitation to the Germans who had initially agreed to participate in development of a new heavy tank and then withdrew from this joint program ostensibly for economic reasons. The prime contractor will be the Industrial Group for Land-Based Armament (GIAT) whose plants at Satory (Near Paris), Roanne (for the chassis), and Tarbes (for the turret) will be involved. In addition to the AMX-30's successor, this project also calls for development of a tank mainly for export, the AMX-40 that will be equipped with the same turret as the present AMX-32. Mock-ups of these new tanks will be displayed at the annual Satory Exhibition of Army-Type Weapons next June. Needless to say, Charles Hernu definitely hopes that the FRG will reconsider its decision now that estimates of the new tank's development cost range from 1.9 to 2.7 billion francs. It would be better to split this cost with a partner. Officials in Bonn are in no great hurry, however, because German military leaders are convinced that the Leopard tank will remain in its prime for years to come in view of its performance characteristics compared with those of the AMX-30. [Text] [Paris LES ECHOS in French 18 Mar 83 p 6] 8041

ANTISUBMARINE CORVETTE--The "Silure" antisubmarine corvette project, a proposed joint operation between the ACB [Shops and Shipyards of Brittany] and SINTRA-ALCATEL [Industrial Company for New Radio Techniques - Alsatian Company for Atomic, Telecommunications and Electronic Construction], is now entering an active prospection phase. The two partners have submitted it to the French military authorities and have begun testing the international market. An example of cooperation between a naval architect firm and a company specializing in the engineering of weapons systems, this light (900-ton) craft, intended for antisubmarine operations, has been specially designed from the standpoint of reducing the noises it generates, so as to minimize the constrictions under which it must operate, thus improving its detection performance. This result is obtained through a uniquely original diesel-electric propulsion system. The corvette is designed to be equipped with particularly high-performance active/passive hull and towed sonars. The basic version involves the BX 37 system the SS24 low-frequency hull sonar, associated with the SS12 light towed sonar [this passage as published]. Considering its detection performance, it is contemplated that the system should include a helicopter capable of relocating a contact by means of an HS 12 underwater sonar and of warning of an impending attack. All these sonars are produced by SINTRA. [Text] [Paris ELECTRONIQUE ACTUALITES in French 4 Mar 83 p 8] 9399

CSO: 3519/372

OPPOSITION TO ESTABLISHING AIR FORCE FIRING RANGE

Madrid EL PAOS in Spanish 31 Mar 83 p 15

[Article by Alfonso Castro]

[Text] Ciudad Real--In the last few days a generalized feeling of opposition to the establishment of an Air Force firing range at the Cabaneros farm has spread in the various neighborhoods of Ciudad Real. In this respect, the most significant rally was held in the small locality of Alcoba de los Montes, one of the municipal jurisdictions in which the farm is located. The rally was attended by the civil governor, Pedro Valdecantos, who had occasion to talk with the inhabitants of the region as well as with the mayors of 10 municipalities of the Los Montes region.

The rally, which was held at a public site in an overheated and hostile environment opposing the establishment of the firing range and Pedro Valdecantos himself, finally turned out to be the first meeting which the Spanish Communist Party held in the province in connection with the forthcoming municipal electoral campaign. Well-known communist party members, who throughout the meeting kept up a constant dialectic confrontation with the civil governor on the subject of the firing range, gathered some of those attending in order to capitalize for their own benefit on a controversial issue such as that of the firing range.

In the dialogue with the mayors and neighbors of the region, interrupted on several occasions because of the atmosphere in the room, Pedro Valdecantos undertook to answer all types of questions which reflected the existing concern. The uncertainties of the inhabitants of Los Montes related to the use as a firing range of a single hectare out of the 17,000 hectares which the Ministry of Defense plans to buy; the injury that the livestock would sustain from the presence of jet aircraft; the use of the installations by United States forces and those of NATO; the purchase of the farm by the Ministry of Defense instead of the Ministry of Agriculture; the violation of existing laws regarding military firing ranges; the possible breaking of the sound barrier by the planes; the elimination of numerous existing bird species; as well as other questions.

"It Is Not a War Zone"

The civil governor said: "The issue has been discussed here as if this were not a firing range but rather a declared war zone, but this is not so. The formal

agreement reached is to make the firing range compatible with reforestation and the improvement of this territory by ICONA [National Institute for the Preservation of Nature]." Specifically, it was disclosed from the Ministry of Defense's plan, ICONA will be in charge of the administration of the greater portion of the purchased farm. Among the responsibilities assigned to this organization it is appropriate to mention the conservation of the environment, the development of the land, and reforestation. Likewise, ICONA will analyze the appropriateness of creating a natural park in the zone not used for the firing range.

Among the first measures that ICONA will take in the short run is an apicultural development plan with the installation of 4,000 beehives which will produce annual profits in the order of 12 million pesetas; the upkeep of 2,000 game animals; the establishment of a public hunting preserve; and the creation of 150 permanent new jobs for the district's agrarian manpower.

Similarly, a research station will be established charged with effecting a census of birds and observing their behavior in the new circumstances produced by the noise of jet aircraft.

2662

CSO: 3548/318

ESA ANNOUNCES 1983 ARIANE LAUNCH CALENDAR

Launch Dates

Paris L'USINE NOUVELLE in French 3 Mar 83 p 61

[Article by Marc Chabreuil: "Ariane 6: Double or Quits for Europe"]

[Text] A verification of all aspects indicates that the sixth Ariane unit will be launched on 3 June. Following this last demonstration shot aimed at reassuring its foreign clients, the European rocket is to carry up its first American satellites at the rate of a launch every 2 months. A calendar almost impossible to meet.

"The European astronomical satellite EXOSAT, which was to have been launched by Ariane, will be launched in May by an American Thor-Delta rocket," it was announced by Erik Quistgaard, general manager of the ESA [European Space Agency]. The decision, whose psychological impact is evident, was owing to a problem of unavailability of the European launcher, and not to an abandonment of the Ariane program. Indeed, the next Ariane flight has just been scheduled, and announced at the height of the International Aeronautics and Space Show at Bourget, for 3 June. A challenge of sorts.

The third-stage turbopump, the cause of the Ariane 5 failure in September, has yet to prove satisfactory in engine-firing tests scheduled for mid-March at SEP [European Propulsion Company], which are to validate the modifications made to it: The gears have been re-machined with increased precision and the lubrication circuit has been modified. Then, the different components of the launcher will undergo a final review of flight-worthiness before being shipped to Guyana.

But advantage has also been taken of the past several months, by a group of experts, to run in-depth tests of the launcher's critical systems, says Frederic d'Allest, general manager of the CNES [National Center for Space Studies], and particularly the fuel feed and third-stage pressurization systems, which had registered abnormalities during the last shot (drastically improved cleanliness measures were imposed during equipment assembly operations). Another "weak point," the inertial guidance system built by Ferranti

(Great Britain), which was the source of problems during the developmental phase and of numerous malfunctions during acceptance tests, is no longer a cause for concern.

From a technical standpoint, the Ariane program's management has maximized its probabilities of success. "It remains to convince our foreign clients and to prove to them that Ariane can place two satellites simultaneously in transfer orbit, the intermediate step toward the geostationary orbit being required of virtually all flights," says Michel Bignier, ESA manager of its Space Transport Systems division. This was the object of launch number 5. It will now be that of Ariane 6, which will carry up the European operational telecommunications satellite ECS-1 and the radio amateur satellite AMSAT.

"To finalize a new launch calendar, we have had to resolve a real puzzle," acknowledges Hubert Curien, president of CNES and chairman of the ESA Board of Directors, "so as to satisfy maximally the interests and priorities of everyone." For, as a result of the failures of Ariane 2 and 5, the program has fallen behind by 18 months. As had been planned, priority has been given to the biggest client (INTELSAT), to which launchers 7 (26 August), 8 (4 November), and 9 (January 1984) have been assigned. This was done at the expense of EXOSAT and of EUTELSAT's [European Telecommunications Organization] ECS-2; the latter organization stated recently: "This delay will entail for us a revenue loss that will compel us to reexamine our budgetary plans."

To carry out as rapidly as possible the planned payload launchings, six launches are being scheduled for next year, a figure that will tax to their outer limits the Kourou base's technical facilities. Come what may, Europe must win this bet. The more so in view of the step-up of American competition. For the launching of INTELSAT 6 satellites (5 to 15 units), beginning in 1986, Ariane will be vying with the Space Shuttle, of course, but also with two conventional launchers that have passed their tests: General Dynamics's Atlas Centaur, and Martin-Marietta's Titan 34D, being marketed by the private firm Space Transportation Company. "We are entitled to no further failures," concludes Frederic d'Allest.

Ariane 3 in 1984

Paris ELECTRONIQUE ACTUALITES in French 4 Mar 83 p 8

[Article: "European Space Effort Confirms Its Support of Ariane Program"]

[Excerpts] The after-effects of the failure of Ariane rocket launch L5 on 10 September have left a bitter taste in the mouth of the European space effort. Aside from the negative psychological impact on its international clientele, the time loss and the cost of the further tests and studies needed to try to remedy the malfunction of the launcher (over 130 million francs), it was heart-sickening for the ESA [European Space Agency] to have to revert to an American rocket to launch the EXOSAT [European X-Ray Observation Satellite] in May, at an out-of-pocket cost of \$26 million.

Despite the consequences of the L5 failure, the European space effort's determination to stand by Ariane has not been broken. On the contrary, the ESA has planned for March 1984 the first launching of an Ariane 3 version that is more powerful than the present rocket. Ariane 3 will be capable, in fact, of simultaneously injecting into geostationary orbit two satellites weighing up to 1,195 kg each. This new version will launch ECS-2 and MARECS-B2, the PTT satellites TELECOM 1A and 1B, the Arab League's ARABSAT-1, and the American WESTAR-6, SPACENET-1 and -2, and G-STAR 1 and 2 satellites, all designed for telecommunications operating entities.

9399

CSO: 3519/372

ESA BEGINS PREPARATION FOR POST-ARIANE, POST-SPACELAB SYSTEMS

Paris ELECTRONIQUE ACTUALITES in French 11 Feb 83 p 10

[Unsigned article: "ESA Begins Program on Future Space Transportation Systems"]

[Text] The European Space Agency (ESA) has just undertaken a preparatory program for long term space transportation systems (STS-LTPP). This new program covers the study of a post-Ariane 4 launcher, a post-Spacelab orbital station, and a recoverable instrument carrier Eureka. It is definitely engaged in this new program, the nine member nations (of which France) having subscribed to it, thus assuring the minimum required 75 percent financial backing (11.1 million European accounting units, or as many dollars) which allows the program to start.

For ESA, 1983 is the Spacelab year: in September/October, the efforts invested by Europe during the past ten years will bear fruit with the first mission of this space laboratory.

To follow this program, as well as the program of Ariane launchers, the agency has been working during the last two years on its possible activities in the area of space transportation by the end of the decade and beyond. The subsequent Spacelab program, represented essentially by the production of a European recoverable instrument carrier Eureka, was started in 1982. That is also the year which saw the start of an Ariane 4 development program, designed to meet the world's need for more powerful launchers beginning in 1985.

Ariane 4 and Eureka represent the completion of the European program for space transportation systems, as it was outlined ten years ago. The time has come to define Europe's needs in this area. That is the goal of the preparatory STS-LTPP program.

This program has three major topics, covering all the possible options within Europe's reach:

Maintain in Europe an independent launching capability, meeting the predictable needs of European and other users, and competitive with existing or planned space transportation systems;

Provide Europe with the capability to perform orbital operations by means of orbital infrastructures produced independently or in cooperation with NASA. The combination of an orbital infrastructure and advanced European launcher would allow Europe to undertake some missions of the Navette type: interventions in orbit (satellite repairs for instance) and return to earth;

Maintain Europe's access to manned systems, which is made possible through Spacelab, partly by participating in American space station activities, and partly by studying the possible evolution of a European orbital infrastructure, in the sense of its manned utilization.

The STS-LTPP studies have already begun; toward the end of 1982, the agency awarded a number of preliminary study contracts for an eventual European participation in the American space station program. At the same time, other contracts were awarded to industry for defining future European post-Ariane launchers and the infrastructures needed for orbital activities (docking, assembly, satellite repair, and so on).

11,023

CSO: 3519/350

BRIEFS

SPACE SYSTEM COMPUTER TESTED--COPRA (Parallel Organization and Automatically Reconfigurable Computer), a computer for long range missions, developed by Sagem (Company for General Applications in Electricity and Mechanics) and ESD (Electronique Serge Dassault) with support from the Ministry of Defense (via DRET--Directorate for Research and Technical Studies--in the General Directorate for Weapons), has just ended three months of evaluation tests at CELAR (Center for Weapons Electronics). These tests have made it possible to verify the validity of the equipment's operating principles and of the software, which allow the computer to carry out its task without any disturbance after the occurrence of any transient problem or first permanent failure. The results obtained were entirely satisfactory and make it possible to guarantee a 97 percent probability of proper operation for a seven-year mission, and a 10^{-10} probability of failure occurrence during one hour of operation. It is notable that COPRA is the only French computer capable of meeting such a level of availability and reliability. Its primary planned applications are: long-term missions on satellites; integrated navigation and piloting systems for planes and ships of the next decade; and monitoring of nuclear plants or drilling platforms. [Text] [Paris ELECTRONIQUE ACTUALITES in French 11 Feb 83 p 10] 11,023

CSO: 3519/350

SELENIA SPAZIO SAID TO BE MAJOR COMPETITOR OF ITALSPAZIO

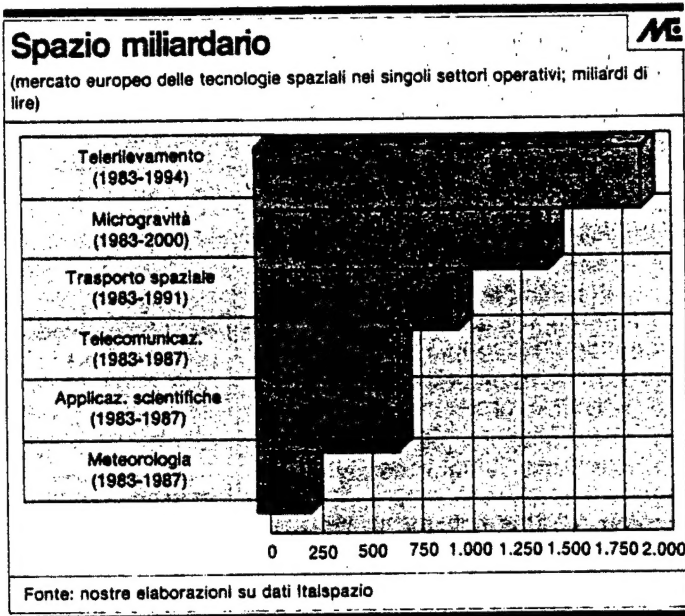
Milan MONDO ECONOMICO in Italian 16 Mar 83 pp 62-63

[Article by Giuseppe Oddo: "Space Industry--The Private Firms in Orbit"]

[Text] The Italian Space Plan has a new aspirant. It is the private consortium Italspazio, created a few days ago by an agreement between the FIAR and the LABEN [expansions unknown] division of the SIEL (Electronic Systems). The former is controlled by the Swedish multinational Erikson, and the latter is owned by the Bastogi group; the two together invoiced Lit 20 billion for space activities in 1982, and are now aiming at annual growth of 15 percent.

The road taken by the FIAR and the LABEN today is the same one which, at the end of December of last year, was taken by the aerospace firms of the IRI [Industrial Reconstruction Institute]-STE [Telephone Finance Corporation] group, which merged their respective space divisions into a single company: Selenia Spazio. This company's shareholdings are divided among Selenia (60 percent), Aeritalia (25 percent) and Italtel (15 percent). Furthermore, Selenia Spazio is about to absorb the activities of the CNS--the National Space Company--builder of the Sirio 1 and Sirio 2 satellites, and those of the STS [expansion unknown], builder of satellite transceiver apparatuses, which in 1982 obtained orders for Lit 70 billion. But in this regard, several problems have been raised by the two private firms which, along with Selenia and Aeritalia, are represented on the Board of Directors of the CNS: BPD-Difesa e Spazio, which specializes in the fabrication of motors, and Bastogi itself, which at the same time has a share in the Italspazio consortium through the LABEN. The reason for the conflict is control of a segment of the space-technologies market--the segment of telemetry equipment, which is very dear to Selenia's heart too.

Despite these difficulties, Selenia Spazio, because of the extensive industrial capacities that it comprises, also represents the No 1 adversary of the Italspazio consortium, which, though coming into being with a good image in the national and international fields, nevertheless is not yet in possession of the technological resources necessary for acquiring the role of leader in the Italian space projects in process of being implemented. In the sector of telecommunications via satellite, which comprises a generation of space technologies that are now "mature," Selenia Spazio does indeed possess considerable market potentials (Selenia on its own has had from the Hughes company, in the United States, a order of Lit 25 billion relative to the design and fabrication of several parts for the Intelsat VI satellite).



Key:

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| 1. Big-Money Space | 4. Microgravity |
| 2. (European space-technologies market in the individual operational sectors; billions of lire) | 5. Space transport |
| 3. Remote detection | 6. Telecommunications |
| | 7. Scientific applications |
| | 8. Meteorology |
| | 9. Source: our elaborations from Italspazio data |

The only sizable slice of the market to offer entirely new possibilities of exploitation in the future is represented by the microgravity sector: in the next 20 years, a technological market is foreseen in Europe that will approach the remote-detection market (graph above). The microgravity sector, in addition to activating a market of new space technologies, such as orbiting laboratories and support equipment, will, in parallel, generate a market for the information obtained as a result of the experimentation done in the absence of gravity, which will represent a medium of exchange of high commercial value, inasmuch as it will enable whoever has it to design and produce new substances and materials (drugs, metal alloys, etc) and to improve the quality of those already in existence.

For the time being, the activities of the FIAR-LABEN consortium seem to be aimed at projects in which the two firms have already developed sufficient experience. "In this phase," states the president of Italspazio, Antonio Teofilatto, "we will work around the scientific satellites." Meanwhile, the creation of this new private pole in the space sector has brought one advantage: that of buffering the dangers deriving from the formation of industrial monopolies--even though the absolute lack of any coordination policy has once again been explicitly laid bare.